Economic Development Partnerships in France: An Empirical Investigation of Inter-Organisational Learning Processes

Hülya Öztel, MSc.

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Warwick University, Warwick Business School,

The Local Government Centre

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Declaration

This dissertation is my own work. It does not contain work based on collaborative research. It has not been submitted for a degree at another university.

Early findings from this research project have been presented at conferences during the study period.

Abstract

This dissertation focuses on partnership learning in the context of economic development policy implementation. In the field of business support services, local partnerships' ability to engage in inter-organisational learning can shape the effectiveness of their services, their impact on regional development and governance systems. Where partners are able to change their partnership's tacit norms and values, strong synergies could be achieved, sustainable double-loop learning may occur. But when a partnership is unable to transcend each collaborating partner's agenda, organisational rivalry, conflict of interest and power struggles can inhibit collaborative learning. We need to understand the processes that underpin partnership learning and unveil how partnerships can overcome the crises and conflicts bound to occur during their existence.

The empirical investigation of the issues outlined above is conducted in the context of the French government's Réseau de Diffusion Technologique initiative. The study is conducted using a case study format, following interpretive traditions in social sciences. Présence Rhône-Alpes (PRA) and Réseau Nord Pas de Calais Technologie (NPC) were selected as polar cases.

The findings indicate that the broad notion of partnership learning can be analysed in terms of social learning and process learning. Specifically, process learning (linked with the implementation of operational goals) is strongly dependent on pre-requisite tacit knowledge developed through social learning. Indeed the comparative analysis demonstrated that although both partnerships had similar problems, only PRA was able to resolve the deep-rooted causes of crises it experienced through the progressive creation of a governing elite in the region. The presence of such an elite, with clear - albeit tacit- rules for decision making, facilitated partnership 'process learning', which meant that negotiations over operational objectives, partnership strategy and even regional policy became opportunities to exert influence and collective power as opposed to instances where collaborating organisations fought to protect their individual turf.

Abbreviations:

ARIST	Agence régionale d'information scientifique et technique
CAQDAS	Computer assisted qualitative data analysis software
CBI	Confederation of British Industry
CEA	Commissariat à l'énergie atomique
CRITT	Centre régional d'innovation et de transfert Technologique
DETR	Department of Environment Transport and
DRIRE	Directions régionales de l'industrie et de la recherche.
DRRT	Délégués régionaux de la recherche et de la technologie regions
ESF	European social fund
EU	European union
INPI	Institut national de la propriété Industrielle
LED	Local economic development
LSP	Local strategic partnership
MISSILE	Mission pour le suivi et l'impulsion des initiatives locales et europennes
NPC	Réseau Nord Pas de Calais Technologie
NPO	Not for profit organisation
NWBLT	North west business leadership team
PRA	Présence Rhône-Alpes
RDT	Réseau de diffusion Technologique
SEM	Société d'économie mixte
SME	Small and medium sized enterprise
UK	United Kingdom
US	United States
VAP	Value added partnership

1 Introduction

1. 1 Introduction

This dissertation investigates how partnering organisations can learn to overcome hurdles associated with joint working. The context of the study is the Réseau de Diffusion Technologique (RDT), a governmental initiative designed to promote technology transfer to Small and Medium Sized Enterprises (SMEs) within French regions. The RDT initiative relies on partnering between regional economic development actors.

This introductory chapter provides an account of French institutional reforms that led to increased use of partnerships for the delivery of public sector policies. The following section focuses on the challenge of partnering through the formulation of two research questions about partnership learning capability. The research questions are 1) Are value and operational crises components of partnership learning? 2) What are the relationships between partnership learning and the negotiation and implementation of partnership objectives? In the same section, the research methods used in this study are outlined. The choice of a case study approach and an overall interpretive epistemological rationale are outlined. The final section provides a short introduction to each of the chapters of this dissertation.

1. 2 French Institutional Reform and Partnership

Growth in the number of partnerships and collaborative strategies is a European phenomenon. They have meant that economic development responsibilities are shared amongst a broad range of actors (Geddes & Martin, 1996; Le Galès & Lequesne, 1997). In France, such an evolution has been possible because of broader changes to the political and institutional contexts enabled by the decentralisation laws and the subsequent trend towards state deconcentration (Cole & Loughlin, 2003).

During the 1970s, local authorities gained increased control over the building and management of public utilities. Following the 1977 economic crisis, local involvement in economic development increased further. Indeed "cities suffering from the consequences of restructuring in industry, and the associated loss of employment, tended to increase their prerogatives" (Biarez, 1993 pp. 192). Central government was instrumental in this process, given that larger proportions of its budget were channelled directly to local authorities, départements and Conseils Régionaux (Biarez, 1993). This de facto built the foundations for a redistribution of responsibilities between different tiers of government. The decentralisation laws, the so-called 'Loi Deferre' of March the 2nd 1982, provided the legal and administrative framework, within which responsibility transfer could occur throughout the French territory.

Decentralisation in France meant that different tiers of government, particularly regional and local authorities, could widen the scope of their activities very dramatically within a clearly defined framework of 'compétences'[1] (Ricordel, 1997; Cole & Loughlin, 2003; Le Galès, 1995; Corolleur & Pecqueur, 1994). In addition to this extension of responsibilities, the département-level Conseils Généraux were turned into politician-led executives, whilst elected regional assemblies were introduced (Smith, 1999), turning départements and regions into administrative and political entities fully involved in policy making and local governance. Therefore, regions, 'departments' and 'communes' (i.e. local authorities) grew in political and economic significance and started to be active in the policy areas where they gained responsibility. At the same time the role of the prefect, representing the state in regions, and départements evolved. Instead of being endowed with rigid financial, technical and administrative control

[1] The term 'competences' is used in France to describe the activity fields / remits of different tiers of government, the state, the 'region', the 'département' (akin to a British county) and the 'commune' (the town).

duties over local administrations, the prefect now verifies the legality of policies designed by local executive bodies (Wollmann, 1999) (See appendix 1 for a simplified representation of the French administrative infrastructure). In this context, collaborative relationships substituted themselves to the traditional top-down decision-making lines (Ricordel, 1997; Wollmann, 1999). This was the progressive outcome of two distinct trends. The first occurred at local level amongst local players. Faced with narrowly defined competencies (and a tightly monitored funding regime associated with these competencies), local players sought to work with partners whose competencies were complementary and enabled them to be active in fields they would otherwise need to forego.

The second trend was initiated by central government, which adopted a negotiated approach to regional policy making through the reliance on contracts. This was facilitated by a progressively 'deconcentrating' state.

First, the level of collaboration between local actors increased as a result of changes in the funding regime and the ways in which local players interpreted their policy remit (their so-called competencies). Indeed, public sector economic intervention has traditionally been enabled by two categories of funds. 'Direct support'[2] refers to subsidy or 'loan type' of business support provided directly to a particular business. Direct support funds are mostly under regional government control. 'Indirect support'[3] funds include, for example, management advice, the provision of business premises in Sciences Parks, but also the support of an enterprise agency. The distinguishing feature of these two types of support is the existence, or non-existence, of a direct flow of cash into the business helped. After 1982, indirect support funds increased to the detriment of direct support funds. This boosted collaborative efforts among local players who

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[2] The French terminology used for 'direct support' is 'aides directes'.
[3] The French for 'indirect support' is 'aides indirectes'.

were seeking to enhance the level of flexibility and the range of their intervention methods by, for example, teaming up with partners whose intervention areas were complementary to theirs (Corolleur & Pecqueur, 1994; Ricordel, 1997). Most significantly, local authorities and Conseils Généraux created 'screen structures'[4] to operate in and beyond their legally defined competencies or remits (Corolleur & Pecqueur, 1994). The expression 'screen structure' is a literal translation for 'structure écran'. It describes various types of organisations (mainly established as not for profit, i.e. 'association loi de 1901') specialised in a specific economic development field, for example, business counselling, training or technological advice. The tacit purpose behind the establishment of a screen structure is to enable one or more of its main parent organisations, or funding providers, to be active in an area beyond their defined remit. The result of these changes has been an overall increase in economic development activities, which in turn called for higher levels of local co-ordination (Corolleur & Pecqueur, 1994).

Local co-ordination was partially achieved through local partnering, but was also supported by a 'deconcentrating' state. Deconcentration as a phenomenon has attracted much attention in French public policy analysis. It refers to the French government's partial disbanding of its centrally located ministerial administrations and their establishment as regional offices across the country. The underpinning rationale of deconcentration was to ensure that policy implementation and administrative decision-making were as close to service users as possible. It was, therefore, also a means of incorporating the subsidiarity principle of the Maastricht Treaty within the French administrative structure.

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[4] Screen structures are generally set up as not for profit organisations (NPO) and involve local partners. If set up as an NPO, they will be subject to the 1901 law on societies. Alternatively, they may be set up as a 'société d'économie mixte' (SEM), public-private corporations (a new and rather unique legal status, found in France). SEM are subject to specific legislation.

Although deconcentration became a policy objective only recently, it has roots in post-war France. At a time of rapid urban and economic growth, government 'field services' forged close links at local levels in the context of large infrastructure projects, for example (Guyomarch, 1999). The more recent steps towards contemporary deconcentration took place in 1989 with national Decrees giving the opportunity for prefects (at regional and département level) to bid and become what was then called responsibility centres[5], taking on duties previously carried out centrally (Guyomarch, 1999). This, to some extent, compensated for the loss of power associated with earlier decentralisation measures. In 1990, these responsibility centres were given a legal status by decree. By 1991 services from the Ministry of Transport and Infrastructure were deconcentrated into 25 regional responsibility centres, 6 entirely new DRIRE (Direction Régionale de L'Industrie, de la Recherche et de l'Environnement) were set up and 20 'field offices' deconcentrated from the Ministry of Sports and Youth were also launched (Cluzel, 2001). The implementation of these measures was characterised by a strong emphasis on contracts with central government, the inclusion of service related performance targets and the adoption of a comprehensive 'modernisation' agenda with, for example, clearly defined personnel training and development programmes in a range of sectors (Guyomarch, 1999). The above themes, and in particular the monitoring of performance and quality, have progressed quite substantially and can now be found in a wide range of fields, including medical research, health care provision and education (Hirtzlin, 1999; Cole, 2001). The more recent developments in this progressive modernisation agenda lean towards a consumerist perspective, pursuing the idea that citizens are in fact consumers in all policy domains, including education (Dudezert, 2001).

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[5] Centres de Responsabilités in French.

Smith (1999) shows that some French policy analysts have highlighted that increased deconcentration was unwelcome locally, because it led to increased state control of local economic development activities. This is consistent with the analysis presented by John and Cole (2000 pp. 256) who argue that 'the fragmentation of institutions and the multiplication of individual decision makers in turn promoted state actors who tried to assert control in sectors such as urban policy'. In other words, the process of deconcentration could be seen as a means of recapturing power and control the state relinquished through the process of decentralisation. Others argue that the ability to negotiate with local ministerial and administrative outposts has dramatically sped up bidding (particularly in the case of European Structural fund bidding), encouraged collaboration on local issues, and altogether enabled the government to be more responsive to local/regional needs. Overall, one of the key outcomes of this process has been further emphasis on collaboration; this time supported by a comprehensive framework based on contracts and performance targets.

In summary, partnering (whether contractual or informal) progressively became a key component of policy design and delivery in France. The increased reliance on collaboration among local players largely resulted from the 1982 decentralisation laws, but was further enhanced by the deconcentration measures in the 1990s. European policy and in particular the modalities that accompanied the allocation of structural funds, reinforced collaborative strategies given that they too often required partnership delivery (Nay, 2001; Jones, 1999; Janus, 1996). The growth in the use of partnerships for policy delivery is striking and hints towards an outstanding level of convergence among policy makers at local, national and European level. However, this form of policy delivery presents significant challenges for regional and local economic development actors who sometimes struggle with this form of working.

1. 3 *The Research Problem and its Investigation*

The contextual evolution outlined in the previous sections generates unique challenges for economic development actors. This section explores, in the first instance, the nature of these challenges and derives from them the research problem and research questions that will guide this study. It then presents data collection and analysis methods, whilst highlighting the interpretive epistemology underpinning the study.

1.3.1 Research Questions

Researchers increasingly argue that public policy analysis needs to focus on 'governance' as much as it might on 'government' (Basset, 1996; Le Galès, 1995; Cochrane, 1994; Lowndes, Nanton, McCabe, & Skelcher, 1997). 'Governance' conveys the idea that sovereignty is redistributed to networked actors active in the implementation of public policies at regional and local levels (Ricordel, 1997). According to Le Gales (1995) public decision-making processes have, therefore, become transversal and embedded within policy networks. The emergence of such policy networks is not problem-free. Indeed, they have the potential to completely reconfigure existing institutional systems at local level, and may even call into question the existence of some of the traditional players (Geddes & Martin, 1996).

How can collaboration be fostered when emerging governance systems could become a threat to the institutional sovereignty of existing economic development actors? This is particularly acute in the field of technology transfer, where there is a multitude of agencies involved (Clergeau *et al*, 2000). The requirement for them to collaborate within an RDT is ultimately equivalent to fostering the creation of a policy network.

The issue is whether the collaborative rhetoric and the desire for synergy can overcome the tensions likely to arise from institutional loss of power and authority.

Given the above developments and the difficulties they create for economic development organisations, there is growing research focus on the managerial challenges associated with collaborative policy formulation and implementation in France. Issues that are progressively being documented include power struggles, control of information and turf wars. They tend to be related to the hierarchical management culture that dominates French public administration, and to the overall legalistic culture that dictates roles and responsibilities, activity areas and organisational legal structures. In his study of partnering, Nay (2001) highlights that despite apparently shared goals designed to foster synergies among collaborators, there appears to be widespread reluctance to share strategic information. According to Nay, this is symptomatic of turf wars that persist despite the 'official' acceptance of partnering as a mode of policy delivery (Nay, 2001 pp. 478). In the field of technology transfer and innovation policies, one of the most significant resources that needs to be shared among partners is information, including data on customer needs, yet Clergeau *et al* (2000 pp. 33) found that despite a strong collaborative discourse, information sharing remained a thorny issue. Janus (1996) unearthed similar problems. He argues that tension over information sharing resulted from the fact that different partners were jockeying for leadership and overall partnership control (Janus, 1996), perhaps illustrating the profoundly hierarchical management culture that tends to permeate French public administration (Cluzel, 2001 pp. 1).

In addition to this type of entrenched culture, the changes that affected formal remits and resources - and were then embedded within the legal framework within which all

public sector organisations were to operate - were so profound that organisations affected found it difficult to adapt and attempted to hold onto sources of power they needed to relinquish (Nay, 2001). Therefore, for Nay (2001) effective partnership can only occur when resources and skills are shared, and when partners pre-empt future conflicts by early agreement on the basic rules of collaboration. They need to negotiate, in particular, their respective and collaborative activity areas, even though such talks are likely to create tensions, generate opposition and probably foster competition, rather than collaboration in the short term.

In British literature, such an approach is widely recommended. Indeed, Eden *et al* (1996) demonstrates that "much, if not most, of the literature on collaboration prescribes a clear statement of aims for the collaboration as essential for progress but [...] in practice, this is often difficult to create". Huxham (1993) also emphasises the limitations of this approach and offers an alternative perspective, which is rooted in the empirical work that she and her team have conducted over time. She questions whether the development of a 'meta-strategy' (i.e. a shared partnership strategy) is at all desirable given the high risks of conflict that it generates (Huxham, 1993). The alternative to opt for a minimalist, broad, inclusive, and overall unthreatening statement, may be a less contentious way of priming collaboration among a range of actors unaccustomed to this way of working. She recommends that partners deliberately take advantage of opportunities that arise locally – for example, changes in policy or local circumstances – and use these as catalysts to further collaboration (Huxham, 1996).

The above is partly in line with Clergeau *et al* (2000)'s analysis of technology transfer policies. They agree that the need to collaborate in areas, where key players tended to compete, generates serious difficulties in terms of turf and remit in French technology

transfer partnerships, and can therefore ultimately affect stakeholder power and control. Yet their recommendation is not an early resolution of potential conflicts, but a call for partnership learning, which, according to them, involves the development over time of trust relationships, fostered by social and cultural interactions at individual as well as organisational levels.

To summarise, a discussion of governance and of managerial challenges faced by economic development partnerships suggests that joint working is fraught with difficulty, often related to power sharing challenges. These difficulties crystallise when partnerships attempt to formulate joint strategies, goals and objectives. Whilst the rhetoric of partnership is associated with synergy types of ideals, there is ample evidence that their institutional/organisational interests in fact drive partners' motivations. This can, in turn, fuel conflicts of interest and power struggles in the earliest stages of a partnership's development. Likewise the crises that partnerships experience can question their viability and sustainability.

This dissertation, therefore, focuses on partnerships' ability to learn from their crises and their experience of negotiating and implementing shared goals. Relying on the organisational learning literature, and in particular Argyris and Schön's seminal work on concepts such as single and double loop learning, and organisational theories of action (Argyris & Schön, 1978), this dissertation aims to investigate the following research questions:

1. Are value and operational crises components of partnership learning?
2. What are the relationships between partnership learning and the negotiation and implementation of partnership objectives?

1.3.2 Research methodology

This research is conducted following a case study format. The empirical investigation and its analysis are informed by the interpretive tradition in social science. This section outlines the rationale underpinning the choice of research methods and presents the theoretical implications of relying on interpretive research traditions for analysis.

The use of case studies in public policy analysis is a common strategy. This research method is suited to the investigation of situated activity, particularly when it involves complex social phenomena. For Yin (2003a pp. 2) case studies enable researchers to 'retain the holistic and meaningful characteristics of real life events'. This is an essential requirement given that the topic being researched requires an understanding of the way people involved in RDTs perceive and experience their partnering activities. It is through the development of such an understanding that one can assess learning patterns and practices in the French RDT context.

Individuals' personal and subjective judgements guide their actions and shape the development of their beliefs and values on collaboration. They are therefore key components of partnership learning. To gain an understanding of these judgements, a semi-structured interview schedule was drawn up and used to gather data. The intention is to focus on individuals' lived experience and draw the shared meanings and values that arise through that experience. This is at the heart of the interpretive research methodology. Whilst some schools of thought within the interpretive tradition see research as a means of doing politics (as in the case of critical perspectives, including Marxist, feminist and post-modern approaches to ethnography and discourse analysis),

others (including grounded theory, dramaturgical analysis, ethnomethodological ethnography and conversation/text analysis) aim to address meaning (Travers, 2001).

This desire to address meaning at the level of situated activity diverges from positivist research designs most frequently focused on macro-levels of analysis. Some critics (Adams, 1992; Brewer, Douglas, Facer, & O'Toole, 1999) view the qualitative nature of this type of inquiry as 'unscientific' and unable to generate generalisable 'truths' about the nature of the social world. Qualitative researchers' response to this varies. Indeed while some, including Lincoln and Guba state that 'the only generalisation is: there is no generalisation' when presenting their naturalistic inquiry methodology (Lincoln & Guba, 1985; Lincoln & Guba, 2000). Others highlight that the nature of generalisation that can be obtained through qualitative research is substantively different from that of statistical generalisations derived from positivist studies. With the development of the Grounded Theory school of thought, Glaser and Strauss (1999) emphasised how unveiling recurring patterns in social interactions can radically enhance our understanding of the social world. Yin (1994; 2003b; 2003a), who has significantly contributed to debates on the case study research method, argues that conceptual generalisation is a key source of contribution of studies based on the analysis of a limited number of cases.

This study aims to unveil partnerships' organisational learning patterns through the analysis of the way individuals within these partnerships act and develop their beliefs. These patterns are specific to the cases studied. However, the broader concepts and ideas derived from such analysis can contribute to an enhanced understanding of partnering. Therefore, the research method adopted allows for more than a description

of social interactions within the partnerships studied; it aims to contribute to conceptual and theoretical development of partnership learning.

Two polar cases were picked; these were Présence Rhône-Alpes (PRA) and Réseau Nord Pas de Calais Technologie (NPC). Purposive sampling techniques enhance a researcher's ability to establish recurring patterns within cases that are otherwise judged as dramatically different. As summarised by Barbour (2001) purposive sampling allows for 'deviant cases to illuminate, by juxtaposition, those processes and relations that routinely come into play, thereby enabling "the exception to prove the rule"'.

In the case of PRA and NPC, the differentiating criteria were derived from pilot interviews and formal evaluation and monitoring studies conducted at ministerial and RIDT[6] levels. Access to both partnerships was secured by attending the initiative's 1999 national conference hosted in Toulouse, where the recommended partnership managers were approached.

Data analysis is based on the full transcripts of the semi-structured interviews. These were conducted in French with all senior institutional representatives within each of the partnerships. Overall this represented 374 pages of text (that is 145,534 words), which were transcribed, coded and analysed. The analysis of the qualitative material relied on the use of N'Vivo, a software package enabling computer assisted qualitative data analysis -CAQDAS- (Richards, 1999).

[6] The RIDT is the Réseau Interregional de Diffusion Technologique. It is the national monitoring organisation for the RDT initiative. It produces yearly evaluation and monitoring data on all RDTs and conducts or assists in the conduct of specific (often regional) evaluation studies.

Coding is an important part of the analytical process when using CAQDAS. Its initial purpose was to build a triangulated account of each partnership's history and operations. This process was supported primarily by thematic coding. The themes coded for were derived from the literature, but were also informed by the specific nature of the initiative and cases studied. In a subsequent stage, however, the purpose was to move beyond the narrative to a conceptual and theoretical analysis of learning processes by interpreting data, for example, to determine whether a particular event led to the emergence of shared partnership norms and values and/or theories of action. To achieve this, coding techniques moved away from their original thematic focus towards theory building. The development of theories through coding requires the extensive use of memos (Glaser & Strauss, 1999). Memo writing centres on the identification of links and connections between segments of data or themes. The researcher can therefore capture her / his continuously evolving interpretation of data and develop theories in a very transparent manner.

In conclusion, this is an interpretive study of partnership learning. It relies on two case studies of French technology transfer partnership, which were selected using purposive sampling techniques. The partnerships selected, Présence Rhône-Alpes and Réseau Nord Pas de Calais Technologie, were identified as polar cases.

The nature of the research topic, organisational learning, called for a qualitative research methodology, where participants' recollection of specific partnership events, the norms and values that they have developed about collaboration, are gathered through semi-structured interviews. The interview material was transcribed and analysed in a systematic fashion using a qualitative data analysis software package, N'Vivo 1.3. Although data analysis methods (with for example the use of memoing techniques and 'in`vivo' codes) was largely influenced by data analysis techniques developed for

grounded theory, this study is partly driven by a theory testing rationale, given its reliance on previously developed concepts and theories, particularly Argyris and Schön's work on organisational learning.

1. 4 Purpose of Dissertation Chapters

Chapter 1: Introduction

The introductory chapter aims to put this research project into context. It therefore gives an account of French institutional and administrative changes that have brought about a greater reliance on partnering in order to deliver government policies. The introductory chapter outlines the research problem and research questions that guide this inquiry. It presents the interpretive research methodology that has been selected.

Chapter 2: Can Economic Development Partnerships Learn?

This chapter reviews the literature on economic development partnerships in France and in Anglo-Saxon countries. It focuses on two bodies of literature. It considers the challenges that are associated with collaborative policy delivery and highlights the concepts and theories that have emerged from the economic development and public policy fields. It then considers partnership learning, mainly relying on the organisational learning literature. In its final section, this chapter proposes a framework for investigating partnership learning and formulates two research questions.

Chapter 3: Investigating Collaborative Activity

This chapter presents the interpretive research methodology that has been adopted for the research project. It outlines the rationale and the epistemological assumptions of

that methodology and presents the qualitative data gathering and data analysis strategies. The rationale for purposive sampling and the selection of two case studies are also outlined.

Chapter 4: The National Réseau de Diffusion Technologique (RDT) Initiative

This chapter provides a detailed account of the RDT initiative, to which the two cases studied belong. Issues such as the history of the initiative, its objectives and its overall performance are considered.

Chapters 5/6: Présence Rhône-Alpes Réseau & Nord Pas de Calais Technologie

These two chapters cover each of the case studies. They follow the same format, whereby their regional context and past partnering experience are outlined. Then focusing on the formation and implementation of each partnerships goals and objectives. Each case study in concluded by the analysis of the case material against the research questions. In the last section, partnership learning sequences are heavily focused upon.

Chapter 7: Discussion and conclusions:

This chapter presents a cross-case analysis. It first identifies some of the common issues to both cases and evaluates how the cross case analysis helps in answering the research questions. The implications of the cross case analysis are considered and the limitations of the study outlined.

2 Can Economic Development Partnerships Learn?

2. 1 Introduction:

There is a growing body of literature focused on partnering and collaborative policy delivery in the field of economic development. However, research has, by and large, focused on Anglo-Saxon contexts, where this form of intervention grew in significance well before it did so in France. This study is set within the French context and aims to enhance our current level of understanding of partnering issues within this specific setting. Therefore, this chapter provides a review of French and Anglo-Saxon literatures in order to identify some of the challenges associated with public policy delivery through partnerships.

The problem that will initially guide the review is focused on the need to determine whether partnering organisations can learn to overcome hurdles associated with joint working. Therefore, the first section of the chapter will highlight some of the political issues associated with partnerships, particularly in relation to accountability and governance. The managerial hurdles and the issue of partnership performance will also be explored. The second section of this chapter will focus on the conceptualisation of partnership, drawing primarily on economic development literature. By contrast, the third section will explore the potential for partnership learning from the perspective of the organisational learning literature. The chapter is concluded with the formulation of the research questions, which direct this study.

2. 2 Issues with Partnership as a Means of Delivering Policy

2.2.1 The Meaning of Partnership in a French Context

Partnerships, defined as agreements, usually formal, sometimes informal, to work together towards specified economic development objectives (Bennett & Krebs,

1991) have been promoted as the most appropriate means of developing local economies. In the US, public-private partnerships were prominent policy implementation tools as early as the 1970s. Very rapidly, the notion of public-private partnership became synonymous with the 'conditioning of government assistance to significant private participation in government approved projects' (Bingham & Mier, 1993 pp. viii). The United Kingdom followed in the US footsteps and over the last 20 years, despite changes in administrations, the notion of partnership and that of collaboration amongst key stakeholders, became deeply embedded in policy making and funding allocation strategies (Parkinson, 1996; Haughton, Peck, & Strange, 1997; Clarence & Painter, 1998). The French government and territorial administrations have been slower to follow suit. However, partnership is now part of their rhetoric and policy implementation strategies, as outlined in the previous chapter.

This does not necessarily suggest that all three national approaches are identical. Indeed, critics were quick to highlight the limitations of a wholesale transposition of concepts and practices developed and implemented in the US to the British context (Hambleton, 1991; Wood, 1996). Likewise the unique characteristics of the French policy making context have been examined (Cole, 2001; Cole & Drake, 2000; John & Cole, 2000). The meaning of partnership needs, therefore, to be teased out in the specific field of economic development policies in France.

A review of recently published French papers on public policy suggests that four broad themes are associated with the partnering discourse. The first is related to the negotiation of policy contracts between different tiers of territorial authority. The second pools the literature that refers to local collaborative policy formulation and implementation. The third draws directly on policy implementation through public-

private partnerships. The fourth refers to situations in which private sector enterprises are called upon to deliver subcontracted public services.

This introduction explores the different forms of partnership that arise from the diversity of perspectives and contexts that are encapsulated by these clusters characterising the French literature.

The requirement for collaborative contract negotiations, which define economic development initiatives, resource these initiatives and set the scene for their evaluation, is directly related to French decentralisation and deconcentration. Negotiation between tiers of government, particularly the state (represented by its deconcentrated field offices) and the region substituted itself to traditional top down policy making. Indeed, the 'contrats de plan Etat-Région' set the objectives of cooperation and lay out the respective commitments of partners. These 'contrats de plan' were initially negotiated for a four-year period (1984-1988), but this progressively lengthened, so that the latest round of negotiation gave rise to seven year plans (2000-2006). A characteristic of these 'contrats de plans' in some French regions is their fairly tight monitoring and evaluation, a trend that only emerged in the 1990s in France, and tends to be regionally driven (Fontaine & Warin, 2001). The academic study of this recent 'collaborative' relationship between different tiers of territorial authorities is yielding a range of analyses and conclusions in relation to the meaning of collaboration. Cornu and Gilbert (2001) analyse the process whereby authority is transferred from one territorial authority to the other, and where one partner can make decisions, which commit all parties. This could theoretically be consistent with the European principle of subsidiarity. However, the authors find that in the case of relationships between the state and the region, there are instances where the smaller territorial authority (i.e. the

region) relinquishes authority to the state for the implementation, and management of regional projects (Cornu & Gilbert, 2001pp. 39):

> "... authority delegation is not consistent with the implementation of subsidiarity. In the case of the relationship between the state and the region, the smaller territorial authority (the region) gives the state control over some of its finances as it receives matched funding complementing its budget"

The meaning of partnership in these instances is reduced to joint funding, and in some cases, can be equivalent to centrally controlled regional policy implementation. It assumes clear leadership from one territorial authority and excludes any form of consensual decision-making or collaborative project management.

Nay's (2001) analysis is different, in that collaborative and consensual policy making do appear to be the starting principles of the partnerships he explores. These are all European funded regional projects, which all call for state/ region interaction. The terminology he uses refers to shared rather than delegated responsibility, interdependent stakeholders, and shared goals. Investigating the 'operational' (i.e. mainly funding) implications of the above, he highlights the presence of matched or multi-organisational funding which commits all organisations involved (Nay, 2001 pp. 462):

> "The partnership concept assumes that public intervention is founded on the shared responsibility of several authorities whose status and remit are interdependent, and which pursue shared goals within the same policy field. Partnership has an operational dimension because it impacts on procedures and rules associated with the implementation of European regional policy. The European policy infrastructure must not only open up to a range of stakeholders for policy formulation, implementation and evaluation, but it also calls for joint funding, and therefore joint responsibility of the state and its territorial

authorities."

From the above we can infer that partnership according to Nay (2001) supersedes joint funding. It is meant to involve all institutional stakeholders more heavily, and draw on their resources in multiple ways. His empirical evidence, however, suggests that practitioners' collaborative efforts are in fact far from the ideals of shared goals that he advocates. Indeed, many hurdles - associated partly with the French administrative structures, issues of authority and power - still need to be overcome at implementation stages. These will be investigated further in the next sections of this chapter. But it is clear that despite these findings, the meaning of partnership presented by Nay (2001) is broader than that used by Cornu and Gilbert (2001). Furthermore, it gets closer to the type of collaboration principles taken for grated in the technology transfer field.

The notion of partnership is also being used in the French context to describe evolving relationships between public service providers (territorial authority and/or dedicated agency) and service users (citizens) (Brachet, 1995). Brachet (1995), like Nay (2001), identifies conflict as an issue affecting partnership between service providers and users; but he sees what he calls 'a conflict dynamic' as a positive partnering process (Brachet, 1995 pp. 96):

> "The cases analysed confirmed the central hypothesis of this study relating to the strategic role of the voluntary sector in 'public service' partnerships, assuming that partnership is not synonymous with harmony and that the presence of conflict is not a sign of failure or inadequacy, sometimes quite the opposite."

Importantly, Brachet also suggests that partnership with user groups can be positively correlated with superior public service performance. He sees partnership at the end of a continuum, which starts with information dissemination, moves on to consultation (albeit limited in the sense that public sector organisations do not necessarily commit

to taking into account opinions expressed during consultations that they manage). Then shifts to involvement (which suggests a participative approach to decision making) and finally leads to partnership. Partnership, in this context, assumes that participative decision-making becomes institutionalised and accompanied by some form of formal acknowledgement and acceptance of stakeholder involvement. Refining this definition of partnership, Brachet (1995) suggests that there are three broad types of partnerships. The first refers to collaboration between different public services and administration. His argument is that in some instances, a particular government department or field office may find itself using services provided by another public sector service provider. A second form of partnership emerges when public sector organisations interact with individual service users. For instance, they seek information from them. The third form of partnership that this author identifies is that which exists between a public sector organisation and organised service user groups. Brachet (1995) recognises that there are variants of the above and that representativeness of organised service users is limited. Nonetheless, he maintains that the primary goal of such partnerships is to optimise the relationship between public sector organisations and service users and that this relationship is itself a public service.

Lorrain (1988) introduces another level of analysis. He focuses on relationships between local authorities and the service providers they use in the delivery of their public services. He uses a legal perspective to unveil the nature of emerging public-private partnerships in the process. His argument is that, in urban development, the type of interaction that may exist between the public and private sector is still 'codified' by rhetoric inherited from the late XIXth century that opposes free enterprise and capitalism to collectivism, bureaucracy and socialism. According to him, this is a simplification that is not suitable for policy analysis in contemporary France where the boundaries between the public and private sectors are far from clear. Where infrastructure ownership does not necessarily mean power, and where collaboration across sectors

is rapidly developing. He illustrates the above by showing that in the late XIXth century, the legal frameworks available for service delivery were simple, and characterised by diametrically opposed ownership regimes. The legal structure of a 'régie' meant public ownership and public sector service provision. The legal structure of the 'consession' on the other hand meant private ownership and private sector service provision. These have evolved over time, and other types of contracts were introduced; which enabled ownership transfers across sectors (these included the 'affermage' the 'régie intéresée, and the 'gérance'). In the 1960s, the range of legal structures for public service delivery became even more complex with the introduction of the 'Société d'Economie mixte' (as in 'mixed sector organisations'), which enabled public sector organisations to become majority shareholders of organisations operated under commercial law. At the level of the local authority, these trends have dramatically widened the range and types of partnerships that could be used to manage the local economy (Ricordel, 1997).

Overall, these changes mean that the legal boundaries between the private and the public sectors today are very vague. The range of legal frameworks, which underpin partnerships used by local authorities to deliver public services, is illustrated by Douat (1995). He shows how widely they are used and highlights that they affect most policy fields. Lorrain's analysis is consistent with Douat's work. But it also suggests that these new legal structures have provided an incentive for local authorities to extend their level of involvement in areas where they were formerly less active. He suggests that the opportunity to get involved more heavily in a range of sectors, by investing and obtaining infrastructure ownership, has lured some authorities into thinking that they would, through ownership, gain a greater level of leverage in strategic decision-making that may, in turn, affect their economic development plans.

The study, however, demonstrates a clear dissociation between ownership and strategic decision-making, largely due to the strength and economic power of private sector partners involved in these ventures, for example in the area of public transport (Lorrain, 1988 pp. 61):

> "For many councillors, obtaining ownership meant gaining power. They renegotiated public transport contracts, and accepted to be involved to a greater extent in mixed sector companies, with this in mind. Yet what does a decade of practice demonstrate? Local authorities are far more involved in these fields than they were in the past. However, their role is not much more significant in strategic decision-making. The example of local public transport services is revealing in this respect. Ownership, which may be a necessary condition, is certainly not sufficient."

The conclusions Lorrain draws mirror, to some extent, Brachet's own findings on the need to enhance relationships between service providers and service users. Indeed, Lorrain suggests that focusing on sources of divergence between the public sector and its service providers, is far less helpful than appreciating and enhancing collaboration amongst them (Lorrain, 1988 pp. 61):

> "To re-launch the public policy debate we need to recognise that we no longer work with separate categories; they are interdependent. The searching question therefore is not about establishing who possesses, but to appreciate what is produced. How? For whom? Therefore policy is no longer about boundaries, it is about optimising relationships".

Nonetheless, he notes that this requires addressing imbalances in power and decision making, which he notes, have highlighted how weakened French local government has become when negotiating contracts with powerful service providers.

To summarise, approaches to the analysis of partnerships vary significantly among French scholars. Some focus on funding regimes and arrangements (Lorrain, 1988), while others are mainly interested in the legal arrangements underpinning partnering (Brachet, 1995), while yet others investigate joint policy formulation mechanisms and hurdles (Nay, 2001). Likewise, the range of partnerships covers those that involve several tiers of territorial authority in the negotiation of regional development contracts (Cornu & Gilbert, 2001). Those that rely on the private sector for joint service delivery, and finally those relying on the private sector for the full delivery of sub-contracted services (Douat, 1995; Ricordel, 1997). Despite differences in partnership types and variations in analytical perspectives, the following research issues apply across the board:

- Is partnership merely a 'front' for a process where lead / powerful partners appropriate control and decision-making to the detriment of collaborative policy formulation and implementation?
- What are the implications of partnering for local governance systems?
- Does partnership mean enhanced public service performance?
- Can partners learn to overcome hurdles associated with joint working?

In the next sections of this chapter some the above questions will be addressed, as the issues associated with partnerships as means of delivering policy will be explored. Therefore, the implication of partnering on local governance systems and, in particular, the risks associated with loss of democratic accountability and the dangers inherent to the strengthening of local elites will be explored.

2.2.2 Partnership Governance and Accountability: The Political Analysis

In France, the boundaries between the 'public sector' and the 'private sector' are blurred and tend to overlap. Such a state of affairs is wide-spread and affects a range of countries, including other European countries, and the US (Hawranek, 2000; Wettenhall & Thynne, 2000). Policy-making is decreasingly the prerogative of elected bodies acting alone. Economic development responsibilities in many parts of Europe are shared amongst a broad range of actors (Geddes & Martin, 1996; John & Cole, 2000; Le Galès & Lequesne, 1997) where partnership arrangements are increasingly common. These developments have led to "an inclusive approach to the question of responsibility for policy problems, in which actors from all three spheres of the state, the market and civil society collaborate in designing and implementing programmes" (Geddes & Newman, 1999 pp.17).

As a result, 'government' gives way to the notion of 'governance', now an unavoidable concept in the analysis of public policy (Basset, 1996; Le Galès, 1995; Cochrane, 1994; Lowndes et al., 1997). 'Governance' is mainly used in contrast with the notion of 'government' to convey the idea that sovereignty is redistributed to interconnected or networked actors, instead of being concentrated in the hands of one of them - generally an elected organisation (Ricordel, 1997). The involvement of a multiplicity of actors in economic development policymaking, and implementation, leads to the formation of complex, if not confusing systems. Such complexities arise, according to Le Gales (1995), from the fact that public decision-making processes are no longer vertical (as in hierarchical structures), neither are they horizontal (as in competitive systems), but they become transversal and embedded within policy networks; with a variety of

organisations, from different hierarchical or authority levels, collaborating to achieve a common goal (Le Galès, 1995; Le Galès & Thatcher, 1995 pp. 14):

> "In a complex environment, networks are the outcome of non-hierarchical cooperation (which may not be stable) between organisations which know each other and acknowledge one another, negotiate, share resources and may share norms and interests. These networks, then, play a fundamental role in pushing particular issues on the agenda, in decision-making and in the implementation of public sector action."

The above is highly consistent with the analysis of John and Cole who state that 'relationships between key actors or organisations in a policy sector shape the policy-making process through habits of association and shared norms and understanding about public affairs' (John & Cole, 2000 pp. 252). Indeed emerging governance systems have the potential to completely reconfigure exiting institutional systems at local level, and may even call into question the existence of some of the traditional players (Geddes & Martin, 1996). They bring to the fore issues of responsibility (Cluzel, 2001) and accountability (Papadopoulos, 2001; Davis & Geddes, 2000). Indeed, critics argue that policy effectiveness may not necessarily be synonymous with legitimacy, as the representativeness of those involved in governance systems and policy networks can often be questioned (Le Galès P., 2001; Papadopoulos, 2001).

For example, Papadopoulos (2001) argues that much of the debate over governance focuses on negotiation and decision-making efficiency, overlooking to some extent, the deeper issue of legitimacy. According to him, policy networks and partnerships cannot be substitutes for democracy. They lack 'democratic accountability' because democratically elected representation is replaced with stakeholder group or lobby representation (Papadopoulos, 2001 pp. 169):

> "... the reduction of governmental control and the inclusion of a range of

> private interests, represented by individuals now contributing to policy making and implementation, can by no means be assimilated to democratisation process. This mode of operation tends to replace representation acquired through the ballot box by a mixture of groups and influence representation enabled by sectoral or local knowledge."

Brachet (1995) goes further by suggesting that such partnerships may be helpful in incorporating concerns over economic efficiency, however, they are insufficient to implement the values underpinning public services and associated with the French public sector ethos (Brachet, 1995 pp. 94):

> "To sum up, in this partnership everything operates 'as if' these professionals represented their clients, whose interests are not the same. This is why, while this partnership is necessary, it is not sufficient to fulfil public sector principles. It is useful in terms of efficiency, but clearly deficient in terms of democracy".

Similar issues have, and are still widely debated in British policy analysis. For instance, in their study of local government modernisation in the United Kingdom, Davis and Geddes vividly illustrate the potential lack of democratic accountability of some of the local government partners (Davis & Geddes, 2000 pp. 17-18):

> "Whatever the weakness of current local government electoral turnouts, councillors (executive or otherwise) are at least subject to electoral accountability [...]. As one councillor commented 'my right to be at the table is a cross against my name in the ballot box'. It is not always apparent how some other partners earn their place at the table or to whom they are accountable."

Similar lines of inquiry can be found in earlier work by Boyle (1989; 1993) who emphasised the political and ideological implications of the rise of public-private

partnerships, and highlighted how significant US examples have been in promoting this format for British urban policy. Cochrane (1994) went further as he analysed the implication of public-private partnerships on our contemporary understanding of the Welfare state. Basset (1996) suggested that, overall, the growing involvement of the private sector in policy making has been accompanied (particularly under conservative governments of the 1980s and early 1990s) by a shift in policy agendas. Urban development was to be achieved through property led developments, place marketing, an overall focus on competitiveness and the widespread adoption of consumerist perspective on public sector service delivery. In this context, distributional goals remained rhetorical and relied on 'trickledown effects', which assumed that higher levels of competitiveness in local areas would attract a growing number of jobs, hence contribute to the well being of local populations. It seems that partnership is currently so deeply entrenched in policy implementation that the concern is not to move away from this form of policy delivery, but to alter it in such a way that from it emerges "a more progressive form of public-private partnership which includes the restructuring and redistribution of work to deal with poverty and exclusion; and the evaluation of principles of social justice over those of competitiveness, implying a principle of global solidarity rather than local chauvinism in local development" (Geddes & Newman, 1999 pp. 23). Unfortunately perhaps, some of the empirical evidence emerging from local government practice seems to suggest that progress is being made in the opposite direction. Indeed, Foley (2002) argues that local government, as an employer, is progressively losing its ability to promote good employment practices within local economies. The increased reliance on the outsourcing of services, and the transfer of employment to the private sector highlights that "even with the protection of TUPE [Transfer of undertaking; protection of employment regulations] there is a pattern emerging of reducing terms and conditions for new staff and the erosion of benefits for existing staff" (Foley, 2002 pp. 6). Likewise, the more recent labour government's

attempts to promote a form of partnership that leads to a 'citizen centred democracy' within the Best Value framework may end-up being closer to the consumerist approaches than desired by those in power. Indeed, Martin and Boaz (2000) show that whilst the ideal of 'community partnership' may involve communication, consultation and co-production leading to shared policy formulation; the latter remains largely an unattained goal. Further, the fundamental idea that 'community partnership' should involve interaction with customers, but also citizens and communities, that is interaction with service users as well as non-users, is one that proves very difficult for most local governments to put into operation. Yet, the involvement of non-users, *i.e.* citizens and communities defined in their broadest sense, may well be one of the most fundamental distinctions between the operationalisation of partnership from a left wing point of view, (*e.g.* the 'progressive partnership'), and a right wing perspective (*i.e.* consumerist approaches). The Local Strategic Partnerships (LSPs) initiative launched in 2001 by the British Labour government suggests a commitment to address the above issues, by addressing at neighbourhood level education, employment, crime, health and housing issues (DETR, 2001). Indeed the Government's guidance notes state that LSPs aim to 'bring together at a local level the different parts of the public sector, as well as the private, business community and voluntary sectors so that different initiatives and services support each other and work together. [...] [They operate] at a level which enables strategic decisions to be taken and [are] close enough to individual neighbourhoods to allow actions to be determined at community level.' Nonetheless, early evaluation demonstrates the magnitude of the challenge such a remit represents. Indeed the Local Neighbourhood Unit's review in 2002 concluded that 'there was limited evidence of progress in addressing diversity issues. [...] more than half of the LSPs have a collective commitment to engaging hard to reach groups. However, there was no evidence of widespread engagement of Black and Ethnic Minority communities.

[...]. Many LSPs consider the private sector difficult to engage and the level of representation varies across LSPs.'(Neighbourhood Renewal Unit, 2002).

These concerns are mirrored in some of the US literature. For instance, Peters and Savoie (1996) revisit the issue of democracy as they stress the fundamental differences that distinguish citizens from clients (Peters & Savoie, 1996 pp. 285):

> "Public administration has a number of core values; one value high on many lists is fair treatment for all. It is one of several values that distinguish government operations from private firms. There is a world of difference between citizens (read 'government') and clients (read 'business'). Clients are sovereign: they can hold private firms accountable through their behavior in a competitive market. Clients can turn to the market to defend their interests, or they can walk away from an unsatisfactory firm and turn to a competitor. Citizens, on the other hand, have common purposes. They can hold politicians accountable at election time, through political institutions and the media. Politicians, in turn, can hold public servants accountable by imposing rules and regulations. Clients are treated differently by private firms- the bigger the client, the better, often, the service – and non clients are obviously less, if at all important. Citizens, however demand equal and fair treatment for all from their governments."

The issue of fairness and equal treatment is also at the centre of Himmelman's (1996) work. He argues that, in some cases, elite gatekeepers in society use collaborative rhetoric to protect their interests (and those of their 'class') at the expense of weaker/poorer communities. Ideals of equal treatment and fairness are lost as dominant groups use collaborative strategies to sustain their power, and demand of communities that they should 'do more with less' and that they should adjust to 'the pain associated

with decreasing benefits and resources for human and infrastructure needs, particularly where there are high concentrations of lower-income people' (Himmelman, 1996 pp. 24). In the United Kingdom context, Basset (1996) provided empirical evidence of this phenomenon, illustrating how the call of partnership in the 1980s has meant the entry of local business elites in urban politics giving them progressive control over the urban development agenda. In the same context, further empirical evidence was provided by Peck and Tickell (1994) in their analysis of the North West Business Leadership Team (NWBLT), which was chaired by the Duke of Westminster, and had 30 business leader members selected "on account of the business they represent and the corporate strength which they bring to the region". As the authors pointed out, the NWBLT "was unselfconsciously elitist", quoting one of the members describing the representativeness of their organisation (Peck & Tickell, 1994 pp. 257):

> "We are speaking for the region, because if we are speaking for ourselves, i.e. for business, we are speaking for jobs and so that must be the right way to do it... If it does benefit big business I think it is a good thing because this tends to benefit the region"

Empirical evidence of the emergence of elites is also available in the US context, for example, Weber's findings on collaborative environmental policy formulation. He shows how carefully managed collaboration may simply be another way of asserting influence by powerful, and well established stakeholders (Weber & Khademian, 1997 pp. 407):

> "[...] the use of collaboration, which includes environmental mediation and dispute resolution techniques, can be a subtle but powerful form of political control by established economic interests, which co-opt public interest 'voices' in the name of consensus outcomes."

Indeed, in the specific case studied by Weber, one of the most significant user groups (drivers) affected by the legislation felt that the stakeholders involved in its formulation were unrepresentative of their interests.

The potential lack of democratic accountability of partnerships, their potential control by elites who use them to further their group interest, are serious and omnipresent issues. Partnerships *de facto* bring together organisations legitimised by, and accountable to, different stakeholder groups (for example citizens and business members). Partners have different types of mandates (for example democratic mandate and membership mandates). Therefore, concerns over accountability and representativeness become particularly sensitive when partnerships are partly or fully resourced through public funds and operate in public policy fields. Yet, there is ample evidence that the range of policy fields, where partnering has become the dominant form of intervention has increased dramatically in the United Kingdom (Foley, 2002; Geddes & Newman, 1999; Nicol, 1998; Martin & Boaz, 2000) and is on the increase in France (Lorrain, 1988; Hirtzlin, 1999; Janus, 1996; Cornu & Gilbert, 2001). Despite commentaries from French scholars, (1995; 2001; 2001; 1995), it can be argued that the literature debating the political impact of partnering in France remains embryonic. This type of consideration became topical in the mid 1990s with the publication of research bringing French and British scholars together, as in the case of the book edited by Le Galès and Thatcher (1995), which focuses on the study of policy networks. Overall, the investigation of partnering from a managerial perspective remains more developed. It is concerned with operational efficiency, and largely focuses on the unveiling (and sometimes resolving) some of the hurdles that need to be overcome for effective partnering to take place (See for example Janus, 1996; Clergeau et al., 2000; Nay, 2001).

In conclusion, the above suggests that the sociological and political science perspectives are pivotal to our appreciation of the broad implications of partnership delivery of public policy on our society and political system, particularly in terms of representation and democratic accountability. Likewise the study of partnerships as organisational forms (therefore from a managerial perspective) is worthy of attention for they are notably challenging to manage, and generate (sometimes exacerbates) issues that are novel. The next section explores some of the managerial issues that have been associated with partnership management and partnering in the French literature.

2.2.3 Collaboration and its Hurdles: An Emerging Managerial Analysis

Although the idea that partnerships enhance public sector efficiency is widely accepted, much of the empirical investigation of partnerships, in a French context, relates mainly to the implementation hurdles they encounter. Such hurdles are well illustrated in the work of Nay (2001). He clearly differentiates between the, sometimes, idealistic picture that policy-makers paint of their partnership, and partnerships' often challenging and difficult reality. Nay's main argument is that the proliferation of partnerships was largely fuelled by European policies and principles, including those of additionality and subsidiarity. The broad definition of partnership he proposes (see section 2.3.1), which emphasises shared goals, joint responsibility, collaborative decision making and inter-dependency of actors, sets a tall order on partners. The partnerships that he investigates illustrate how difficult it is for collaborators to develop processes that enable them to meet these requirements. The widespread reluctance to share information that may be perceived as strategic by some partners is symptomatic of turf wars that persist despite the 'official' acceptance of partnering as a mode of policy delivery (Nay, 2001 pp. 478):

> "Whilst partnering requires increasingly to share market intelligence related to employment, training and economic development, the tendency to manage in isolation information systems is a sharp reminder of the competitive knowledge management practices, which are among the last forms of hidden, often denied, opposition that characterise the relationships between public sector actors."

These types of power and turf struggles are documented in several policy fields involving partnerships, including those designed to promote technology transfer and small firm innovation (as documented by Clergeau *et al* (2000)) or those set up to manage European development funds in French overseas territories (as illustrated by Janus (1996)). In the case of innovation policies, one of the most significant resource that needs to be shared among partners is precisely information, including data on customer needs, yet Clergeau *et al* (2000 pp. 33) found that despite collaborative rhetoric, information sharing remained a thorny issue:

> "[...] the free movement of information among partners is sometimes source of problems. They indeed can be reluctant to share their knowledge of business needs. To summarise, [...] matching objectives and resources sometimes is a delicate matter and conflicts of interests can affect the good functioning of the agency"

In some instances, such tension about information sharing resulted from the fact that different partners were jockeying for leadership and overall partnership control (Janus, 1996), perhaps illustrating the profoundly hierarchical and legalistic management culture that tends to permeate French public administration (Cluzel, 2001 pp. 1):

> "Yet, the process has a number of shortfalls resulting from the legal framework within which it operates. Principles of autonomy and participation conflict with the sustained emphasis on hierarchical relations; evaluations have gaps

and incentives are too rare"

Furthermore, the changes that affected formal remits and resources, as a result of consecutive public sector reforms, were so profound that organisations affected found it difficult to adapt and attempted to hold onto sources of power they needed to relinquish (Nay, 2001). Nay argues that such a reluctance to relinquish power is compounded by early experiences of partnership, particularly informal arrangements, where partners built a rigid view of their role and responsibilities. In such cases, further partnership progress may be hindered as partnership requirements evolve.

Given the difficulties outlined above, it should come as no surprise that partnerships take time to set up and even longer to operate along the lines they set out to follow originally. The case study of MISSILE[7] provided by Janus (1996) and that of the ARDT[8] in the Loire Region (Clergeau et al., 2000) are perfect illustrations of that. However, the implications French scholars draw vary. For Nay (2001) effective partnership can only occur when resources and skills are shared; and when partners pre-empt future conflicts by agreeing the basic rules of collaboration at an early stage in the partnership. They need to negotiate, in particular, their respective and collaborative activity areas, even though such talks are likely to create tensions, generate opposition and probably foster competition rather than collaboration in the short term.

By contrast Clergeau *et al* (2000) do not recommend an early resolution of potential areas of conflict. They call for partnership learning, which according to them involves

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[7] MISSILE stands for MISsion pour le Suivi et l'impultion des Initiatives Locales et Européennes. It is a partnership initiative that brought together three key players in the Martinique one of the French overseas département. By working together the Région (regional council) the Département (equivalent to a County Council) and the Préfecture (The French Government's regional administrative centre) aimed to maximise their ability to support local economic development and bidding procedures for European Funding.

[8] The ARDT is the Loire Region's technology transfer partnership. Like Présence Rhône-Alpes it is part of the national RDT initiative.

the development over time of trust relationships, fostered by social and cultural interactions, at individual as well as organisational levels.

Whether partnerships can indeed learn, is the central question of this study. As highlighted above, the French literature on partnership dynamics seems to focus on power sharing and conflict, but falls short of exploring how partnerships' learning capabilities develop and help them overcome the crises they experience. Despite the widespread recognition that partnering is challenging, the evaluation literature rarely weighs the benefits associated with this form of policy delivery against its costs. Therefore, some researchers argue that partnership evaluations are used as legitimising devices rather than opportunities to learn and enhance partnering capabilities. These questions are explored further in the next section.

2.2.4 Assumption of Performance: Evaluation or Legitimisation?

Emphasis on public policy performance is mostly characteristic of American and British contexts, even though such concerns are now clearly present in France (Fontaine & Warin, 2001). The much quoted work of Osborne and Gaebler (1992), also associated with the rise of 'new public management', is seen as pivotal in expressing the underpinning entrepreneurial rationale of this 'new' public management philosophy. The latter incorporates a call for constant policy evaluation and control based on output measures as opposed to inputs. To illustrate the difference this can make to funding effectiveness, the authors use the example of the Illinois Department of Public Aid's review of its nursing home funding system for Medicaid patients (Osborne & Gaebler, 1992 pp. 138):

> "It [the department] paid according to the level of care provided: for severely ill patients residents who needed more care, the state paid more; for those who

needed less care they paid less. This seemed entirely logical and fair, but when state analysts finally looked at the results, they were horrified. The overriding goal of the state policy was to keep the elderly as independent as possible, so as to minimize costs. Yet the percentage of nursing home patients who were bed ridden was rising steadily. Apparently, by paying more for bedridden patients, the state had given nursing homes a financial incentive to keep them bed-ridden [...]."

The argument is that output-driven policies generate higher levels of performance. This approach is growing in France, with the use of target related contracts (Cluzel, 2001), and the commissioning of one-off evaluation studies, generally conducted by outside consultants or independent scholars (Fontaine & Warin, 2001). Increasing reliance on partnerships has provided additional incentives to set up evaluation, auditing and monitoring systems aiming to quantify outputs, and even qualify broader intervention impacts. As a result, authors like Papadopoulos (2001) coined the term 'output democracy', suggesting that democratic accountability could be achieved by output driven policies as long as the electorate mandates its representatives to pursue their partnering strategies for policy delivery, and deem that these are delivering the outcomes they expect as tax payers.

This argument, and the assumption of superior partnership performance associated with it, has been used to legitimise the growing reliance on partnerships for policy delivery. Strengthened with the growing use of evaluation by policy makers, the link between performance and partnering seems to be widely accepted. This section explores the debate on the foundations and rationale of evaluations commissioned by policy makers to investigate the nature of this performance equation.

The assumption of performance enhancement through partnership is criticised by

Ricordel, who shows that very little empirical research has been conducted to validate what he labels a postulate (Ricordel, 1997 pp. 434):

> "This idea connects public service performance to the extent to which it relies on partnering. It is based on the assumption that successful local public service management depends on a councillor's ability to establish links with the private sector. It suggests that there is tight link between governance and performance. Yet, this idea has no empirical foundation at all and is rooted in another type of assumption, which, this time, links subsidiarity and performance and is presented within the literature as a postulate".

Indeed, even in more recent publications, partnership performance tends to be analysed in theoretical and conceptual terms, rather than from an empirical perspective. This may well be related to the difficulties associated with defining and measuring performance. Hirtzlin (1999), for example, reviews developments in the health sector, where collaborative strategies have widely been promoted on the basis that they would enhance the overall performance of the sector. She identifies different types of performance (including internal performance, system performance, spin-off effect type of performance, technical performance and output performance), and discusses their theoretical foundation. However, empirical evidence is lacking in what remains essentially a theoretical exploration of the links between partnership and performance.

The notion of partnering performance used by Ricordel is a compound measure of a range of economic indicators designed to capture the extent to which local authorities manage their services in partnership or themselves. Performance measures devised by the authors include indicators such as the size of the local authority in employee terms, budget, the proportion of that budget dedicated to non-profit organisations etc... In his study of 20 French local authorities, he finds that partnering can indeed relate to

superior economic performance, provided local authorities carefully manage their scope and number. Indeed, local authorities that engaged in the smallest or the highest number of partnering arrangements were under-performing against other authorities, which seemed to balance control through direct service provision and delegation through partnership delivery. He highlights that without such a carefully balanced mix in service provision, the impact of a local authority's economic policies will be sub optimal, whether it relies on partnerships or not (Ricordel, 1997 pp. 444):

> "[...] Management and operational performance depend on a balanced mix of participants from the public and private sectors. Too high levels of delegation and partnering lead to fragmentation and loss of control, which, in turn, have negative effects on local authorities' capacity to regulate, and therefore their capacity to exploit or enhance local economic vitality. Likewise, service delivery reliant solely on the public sector leads to the poorest results in terms of a local authorities' ability to regulate".

Such empirical investigations are limited in numbers and, as highlighted in the work of Ricordel (1997), the relationship between partnership and performance is not as straightforward as may be suggested in policy documents. The lack of empirical performance evaluation in France can be attributed to two elements. Firstly, evaluation as a discipline remains very new. Secondly, evaluations lack the level of academic independence that is required for entirely impartial studies to be conducted. These two points are well illustrated by Fontaine and Warin (2001) who argue that one of the primary goals of evaluations is not to assess the efficiency or effectiveness of a policy, but it is to legitimise it to the public (Fontaine & Warin, 2001 pp. 372):

> " The most important function of evaluation does not consist in finding out if the public action has been successful or not but rather in creating a cloud of certainty around the action: talking about the action on the basis of tangible

elements we then pretend to measure makes it exist."

They further suggest that in addition to this legitimisation goal, political promotion and the enhancement of the profile of actors involved can be prominent outcomes of evaluation. This may lead to situations were local and national players give themselves more credit than they deserve, by overlooking or underplaying contributions from the European Union for example (Fontaine & Warin, 2001 pp. 372):

> "Indeed, on the basis of single evaluations we can get a distorted view of public action. In matters of structural funds, the contribution of the European Union, as essential financing institution, can actually escape the notice of the persons to whom policies are intended."

In the British literature, where debates on the usefulness and relevance of evaluations studies are more advanced, the extent to which partnering does make a measurable difference to actual levels of local competitiveness remains debatable (Bovaird, 1994; Foley, 1992). Indeed, critics have argued that such activity can be seen as a public relations exercise enabling public sector organisations to portray themselves as 'doing something' (Bovaird, 1994; Hutchinson, Foley, & Öztel, 1997). Evaluation studies in economic development have traditionally been carried out as one-off exercises at the completion of a particular project, or programme. Very rarely is the set of variables broad enough to be meaningful to all stakeholder groups (Bovaird, 1994; Sanderson, 1996). The use of longitudinal analysis, that would allow for checks on displacement effects (Boyle, 1993) and would enable an appreciation of long term cultural changes, which cannot be captured by short term performance reviews (Hartley, Butler, & Benington, 2002; Martin & Sanderson, 1999), are also too infrequent. As a result, commentators highlight how this restricts opportunities for policy learning (Hartley et al., 2002; Rashman & Hartley, 2002; Sanderson, 1996; Martin & Sanderson, 1999). Nonetheless, there are signs that evaluation as a discipline is evolving in two distinct

directions in British policymaking. These include, first of all, a change in the role of evaluators, who are increasingly becoming involved in pilot policy initiatives and are therefore taking on facilitation and developmental roles (enhancing to some extent the scope for longitudinal follow-up) (Martin & Sanderson, 1999). Another development in the field is the increased use of collaborative evaluation, also referred to, in some instances, as 'democratic' evaluation (Pollitt, 1999; Townley & Wilks-Heeg, 1999).

Economic development partnerships have become prominent in public policy, perhaps less for their outcomes or economic impact, than their perceived cost effectiveness in policy delivery. They seem to be embraced in contexts where resource constraints are emphasised (Weber & Khademian, 1997; Hawranek, 2000; Himmelman, 1996).
Currently, in the French literature, the factors pushing towards the growth of partnerships in economic development relate mainly to the nature of the French political and administrative systems with their associated funding regimes and the overlapping remits of different tiers of government (Cornu & Gilbert, 2001). The issue of resource constraints is only emerging as a rationale driving partnering (Cluzel, 2001). This may suggest that policy makers are still more concerned with inputs than they are with outputs and outcomes, perhaps explaining why evaluation outcomes do not always lead to policy review or adjustment (Cluzel, 2001 pp. 19):

> "In general, this means that the policy itself could be adjusted given evaluation outcomes. Unfortunately, most of the time, findings rarely translate into action."

Despite the above uncertainties and concerns over the evaluation of partnering initiatives, and the lack of empirical evidence testifying of their superior performance, they are part of the range of tools available to politicians whose visibility and credibility they enhance.

In conclusion, the number of independent empirical investigations looking at the policy delivery efficiency of partnerships is still limited, leaving the relationship between partnership and efficiency an untested assumption. Although 'evaluation' is establishing itself as a scholarly discipline in France, developments are still embryonic in comparison to the British literature for example. By and large, French scholars view evaluation studies commissioned by practitioners as legitimisation devices rather than means of fostering policy learning.

2. 3 Conceptualising Partnering

Much of the rationale for the promotion of partnership, as a means of delivering policy, assumes that it brings about clear benefits. These include, for example, assumptions of synergy, shared goals, resources and expertise, better understanding of each sector, and sensitivity to customer needs. Underpinning these assumptions, there is the idea that partners can learn from each other and work together. They should therefore be able to provide services of a higher standard than those partnership members could provide individually.

In order to explore such assumptions, the conceptual and theoretical developments associated with our understanding of partnership in a public-private context are explored. The development of shared goals is explored first. Then the benefits that may be derived by a partnership structure are investigated. Finally, the impact of shared histories and experience may have on partnership learning is explored.

2.3.1 Partnering Drivers: Towards Shared Goals?

Much research has been dedicated to partnership goals, particularly to the rationale

underpinning an organisation's involvement and commitment to a partnership arrangement. In the United Kingdom, this type of research grew in volume throughout the 1990s, in an attempt to keep pace with increased governmental reliance on partnering for policy delivery.

In an early piece Mackintosh (1992) identified three basic 'models' of partnership, including, synergy, transformation, and budget enlargement. Through the empirical investigations of similar ideas, many authors have enhanced our understanding of the synergy and transformation concepts. This literature is reviewed here. Budget enlargement as a driver for partnering has been recognised in a range of cases; however, the review suggests that it may not fully encapsulate some of the unique characteristics of the French context. Therefore this section pools a range of analyses on the significance of policy territory/ remit, to suggest that budget enlargement may need to be incorporated in its broader rationale, which will be called 'maintaining policy remit'.

2.3.1.1 Partnering to Generate Synergy

Mackintoshes' early work encapsulates three types of rationales driving partnerships. She refers to them as models of partnerships. The 'synergy' model refers to "cross-boundary partnerships of two distinct economic sectors, each with identifiable pools of assets and capabilities, and with clear and distinct (but not wholly mutually exclusive) objectives" (Mackintosh, 1992 pp. 213). The assumption behind this approach is that synergy is produced as a result of partners' complementary assets, skills and powers. The definition Mackintosh proposes for synergy remains very broad, and relies on the widely accepted assumption that synergy exists when 1 and 1 add up to 3. The key characteristic of her definition is its emphasis on the idea that partners are from different sectors (therefore have complementary assets, skills and powers) and that they achieve the "additional benefits of companies acting together rather than separately" (Mackintosh, 1992 pp. 212). Huxham sharpens the concept and adds a novel dimension to its conceptualisation by emphasising partner interest within a collaborative setting (Huxham, 1993 pp22):

> "It [synergy] will be achieved when something unusually creative is produced –perhaps an objective is met – that no organisation could have produced on its own and when each organisation, through the collaboration is able to achieve its own objectives better than it could alone."

In later work, Eden *et al* (1996) reiterate the significance of partners' ability to satisfy their organisational goals within the realm of the collaboration. They argue that partnership members, "will, through their representatives try to incorporate their goals in the collaborative's agenda so that their participation in the collaborative contributes to the achievement of their goals. [...] it is the organisational goals that provide the organization with the incentive to participate in the collaboration" (Eden et al., 1996 pp. 8).

Huxham draws on strategic management perspectives when she suggests that synergistic outcomes signal the existence of collaborative advantage, which, according to her is precisely what partnerships should seek to achieve (Huxham, 1993). Her work is deeply embedded within a managerial perspective. Indeed, she acknowledges that her research on community collaborations, for instance, focuses on the "practical leverage (that is the instrumental value)" to be gained from community involvement (Huxham, 1996 pp. 9). This business perspective is also present in a more recent publication by the French author, Hirtzlin (1999) whose analogies draw on economics. In her study of partnerships in the healthcare sector, Hirtzlin found evidence of what she labelled 'relationship rents' which according to her could speed up innovation processes (Hirtzlin, 1999 p.. 116):

> " In research and innovation terms, this quasi 'relationship rent' is comparable to what Jaquemin (1987) called 'dynamic economies'; collaboration fosters shared learning and could accelerate the innovation process".

Such focus on operational and business aspects of the notion of synergy does, to some extent, contrast with Hastings' (1996) exploration of the same concept. Indeed in a review of the partnership rationales proposed by Mackintosh (in particular the 'synergy' and 'transformation' models she put forward), Hastings strives to outline the political implications of partnerships dominated by one rationale or another. This leads her to distinguish between partnerships driven by resource synergy and those driven by policy synergy (Hastings, 1996 pp. 259):

> "Resource synergy can be conceptualised as 'added value from the co-ordination of resources and from joint efforts of agencies. [...] Policy synergy [...] describes a process by which new insights or solutions are produced out of the differences between partners."

Like Huxham, Hastings seems to associate synergy with creativity, and the emergence of creative solutions. This in turn is consistent with Hirtzlin's view that collaboration can speed up innovation.

A common characteristic of all the authors discussed above is that they see synergy as the outcome of a process. Wettenhall and Thynne's more recent work (2000), by contrast, associates synergy with structure. They synthesise, and draw, on Peter Evans 1997 book *State-Society Synergy* that suggests that synergy can be seen as 'complementarity' or 'embeddedness'. The form of synergy that is referred to as 'complementarity' "comprises the harmonisations of various contributions in ways that result in co-operative action, but without the contributors or their tools of the trade having to be moulded into a new set of arrangements"; however synergy as 'embeddedness' "goes beyond complementarity by forging a new system that consciously provides for a more fundamental integration of relevant contributors and their respective knowledge, skills and modes of operation" (Wettenhall & Thynne, 2000 p.. 5). This seems to suggest that synergies can be generated through straightforward co-operations as well as integrated multi-organisational structures.

In summary, synergy can be seen as a process that yields innovative or creative outcomes as a result of the interplay between complementary resources, skills and assets. Such outcomes contribute to the existence of collaborative advantage. They can take the shape of value added derived from resource synergies or can lead to shared policy formulations. The search for synergies is driven by partnership member interests and therefore should contribute to the achievement of member objectives as well as partnership objectives. Finally, synergies can be derived in a variety of interorganisational structures, ranging from loose co-operations, to integrated multi-organisational settings.

2.3.1.2 Partnering to 'Transform' Partners

The second model that Mackintosh proposed was that of transformation, where "the private sector is seeking to bring private sector objectives into the public sector, to shake it up, get it to seek more market oriented aims, to work more efficiently in its terms. [...] The public sector, conversely, is trying to push the private sector towards more 'social' and longer term aims" (Mackintosh, 1992 pp. 216).

Drawing on this model and evaluating her empirical findings, Hastings (1996) highlights the significant differences she found in collaborations, where partners sought to achieve 'mutual transformation' (based on a shared desire to learn from, and teach to, one another) and those where some pushed for 'unidirectional transformation' (Hastings, 1996 pp. 262):

> "In this model of partnership processes [unidirectional transformation] a battle for change is joined, which involves an unequal power relation, in which crucially, one or all parties are unwilling to change".

Specific policy contexts seem to have an important bearing on the kind of transformation that may take place at local levels. Indeed, much of the literature that analysed the rationale for private sector involvement from the early 1980s until the mid 1990s suggests that transformation was a fundamental item on the British central government's agenda to 'shake up' the public sector, and in particular, local government. Associated with consumerist aims and the so-called 'New Public Management' (and beyond the underpinning political aims), one finds instrumental managerial objectives. Cope and Goodship suggest that NPM is "about taking 'macho-managers' into government to take on professionals, and shake up bureaucrats so as to get things done (that is things that government wants doing) and keep within budgets (that is budget that government wants kept)" (Cope & Goodship, 1999 pp. 6)).

In his earlier analysis, Basset (1996) suggests that private sector involvement in policy making was not entirely the result of state sponsorship. He shows that business membership organisations, such as the CBI were in the 1980s actively promoting businesses' 'enlightened self-interest', and calling members to become involved in shaping policies to counter the effects of local economic decline. He further states that in some instances, such organisations argued that only "local businessmen could provide the kind of long term vision that local political leaderships were said to be incapable of providing" (Basset, 1996 pp. 540).

Some authors argue that the public sector too has the opportunity to transform private sector practices while partnering. For example, Ghere (2001) suggests that public sector managers have the opportunity to impress on their private partners principles, such as due process, ethical conduct and disclosure. However, the overwhelming picture that emerges is that of unidirectional transformation taking precedence over mutual transformation. And indeed, the empirical evidence reported in the literature focuses on some of the profound changes taking place in the public sector as opposed to the private sector. In their analysis of the reliance on subcontracting partnerships in local government, Bovaird and Davis illustrate some the deep changes in organisational culture that took place to cope with declining budgets (1999 pp 298):

> "The London Borough of Wandsworth, for example, experienced both a major cultural change and a re-orientation from service delivery to contract management. Brent LB completely restructured its services, incorporating a major decentralisation in management. These changes [...] appear to have led to permanent changes in attitudes, policies and practices within authorities".

In summary, transformation could be seen as a two-way process in the context of a partnership. However, research seems to focus mainly on changes occurring within the

public sector; and presents a backdrop of declining financial resources and the adoption of managerial ideals at central government level as drivers of this process.

2.3.1.3 Partnering to protect turf

The model of 'Budget Enlargement' is based on the assumption that "many joint ventures are held together very strongly by a common external objective, of which the most frequent is the extraction of a financial contribution from a third party" (Mackintosh, 1992 pp. 217). In particular, the decline in local government resources has been clearly documented, and commented upon in the United Kingdom. According to Bovaird and Davis "[it] is estimated that revenue support grant (the principal tool for central-local government transfers in the United Kingdom) had been reduced, after discounting for inflation, from £14.6 billion in 1980-81 to £9.5 billion by 1989-90 – a reduction of around 35 per cent in real terms" (Bovaird & Davis, 1999 pp. 294). In this context, local authorities increased their level of involvement in partnerships to deliver economic development objectives (Basset, 1996 pp. 540):

> "Following the defeat of the New Left challenge by the late 1980s, more and more councils across the political spectrum became reconciled to, and even enthusiastic about the idea of partnership with local business. As local government funding was squeezed, such partnerships were increasingly seen by hard-pressed councils as a source of expertise, funds and possible channels of influence to central government"

In the United Kingdom, this trend is now reversing, following the implementation of the Labour government's local government modernisation agenda. Local authorities budgets are now increasing in real terms year on year. By contrast, evidence is emerging that budgetary controls and constraints are more stringent elsewhere.

In France, for example, budgetary control and resource management are indeed growing in importance in the rhetoric, and practice, of central government since 1989 (Cluzel, 2001 pp. 3):

> "Since the 1989 Rocard proposals, increased emphasis on civil servants' responsibilities was a central theme of public sector reform. It was a means to enhance administrative efficiency. However, it became an end in itself during the reform, and was refocused on budgetary control: today financial resource management is a priority in public policy".

Central government control over legislation, which dictates the policy areas where different tiers of government may be active in the context of decentralisation, has had a greater level of impact and has been an issue at regional level. Organisations, whose remits were being redefined, have had to adjust or find ingenious ways of remaining active in policy fields, which were no longer under their responsibility. To account for this French idiosyncrasy, the issue of budget enlargement needs to be incorporated in a broader category encapsulating the need to maintain and/ or enlarge an organisation's activity areas, whether this requires partnering to access financial resources or to maintain activity in cherished policy fields. Therefore, *protecting turf* may be a broader, yet more applicable concept than that of budget enlargement in the French context. It aims to encapsulate both 'budget enlargement' and 'remit protection' aims, as both ultimately feed into an organisation's ability to offer services in particular economic development areas.

2.3.2 Strategy Through Structure

2.3.2.1 Levels of Engagement

There is a search in the partnership literature for ideal-type alternatives to the better-

known markets or hierarchies. A common desire is to understand how alternatives, such as partnership and network-based structures function. While significant differences exist in the approaches used to make sense of such alternative forms of organising, there seems to be a well-accepted principle that members have several levels of engagement in partnerships. The differing levels and types of engagement are therefore mirrored by conceptual and empirical investigations that propose multi-level analyses.

Coe (1988), for instance, clearly establishes her level of analysis at the inter-organisational level, considering the whole as a structure; an entity suitable for analysis and also requiring a specific set of managerial approaches. This whole is what she calls a multi-organisational network, or a 'meta-organisation'. She advocates 'open focus' as a conceptual model designed to support goal implementation in the partnership arena. Her framework operates on the basis of three attributes, namely, 'linking communication', 'evocative leadership' and 'collaborative vision'. Stakeholder equality and open communication are strongly advocated in this approach, which focuses on the partnership entity more than it does on partners.

Acknowledging the difficulties associated with the idea that a 'meta-strategy' should be developed in the early stages of partnership development, Huxham *et al* (Huxham, 1993) (Eden et al., 1996) recommend an opportunistic approach to partnering. Indeed they point our that whilst shared objectives at multi-organisational level may be desirable, a pragmatic stance, that takes into account members' organisational interests, may be more effective in building collaborative capability. The existence of potential areas of conflict between partnership members highlights one of partnerships unique features and requirement, that is the need to take into account the inter-organisational level as well as the organisational level given that each organisation is a partner but

also a stakeholder within the partnership (Diamond, 2001; Huxham & Vangen, 2000a). Likewise the significance of individuals representing their organisation and negotiating on behalf of their parent organisation has been identified as yet another level of analysis that may require attention in the analysis of partnerships (Bache, 2001). Individuals' personalities, methods of work and level of commitment may, or may not, reflect those of their organisation and may in some instances be significant barriers to partnering (Eden et al., 1996).

In summary, engagement in partnerships can occur at meta-organisational level (the partnership considered as an organisational entity), as well as the organisational level (partners act as independent stakeholder with specific agendas brought to the partnership) and at the individual level. All three levels of engagement are significant; therefore their separate categorisation helps in making sense of some of the complexities associated with partnerships.

2.3.2.2 Social Network or Strategic Apex?

The tight integration that exists between individuals and strategic decision-making structures is particularly evident in the way key representatives operate a social network, which effectively substitutes itself to the formal strategic apex of a partnership. This integration is supported by the emerging literature on partnership leadership, which distances itself from traditional command and control perspectives, and introduces concepts such as lateral influence and boundary spanning, for instance.

According to Coe partnership leaders must have a clear sense of direction, however "they do not closely control, but allow others the latitude to create solutions and make decisions" (1988 pp 520). This stems from the fact that " the system is composed of

many groups and individuals, no organization or individual generally has overall hierarchical authority. Authority is often unclear or overlapping, and power is shared. As such lateral influence is more relevant than is hierarchical authority." (Coe, 1988 pp. 518). A similar point is made by Huxham and Vangen (2000b) who point to the limitations of the leader-follower premise that is widely accepted within the leadership literature, and connect leadership influence with transformation (meaning, here, a change in partner behaviour as a result of leadership influence) (Huxham & Vangen, 2000b pp. 1160):

> "[...] there is a problem with the leader-follower presumption. The implication that there is a formally acknowledged leader with managerial responsibility and a hierarchical relationship with followers does not apply in collaborations because the individuals involved come from different organizations or groups. The leadership challenge [...] is concerned with influencing or transforming individuals only (or at least largely) to the extent that such transformation may, in turn, affect the behavior of organizations"

Therefore, some of the key tasks that Huxham and Vangen (2000b) associate with partnership leadership are about inspiring, nurturing, supporting and communicating. This is to a large extent very close to the characteristics that Coe (1988) attached to what she called 'evocative leadership' and 'linking communication'. It is also extremely close to the contemporary perspectives on leadership that have been developed in the strategic management literature (in particular in the learning organisation field). For example, Peter Senge (1990b) describes leaders as stewards and as teachers. As stewards, leaders' attitude towards others is based on strong commitment and desire to serve them. It is this desire to serve that generates and sustains their aspirations to lead. As teachers, leaders focus their efforts on helping everyone in the organization to gain a deep appreciation of current reality. The latter is

fundamental, in that, it enables leaders to make explicit some of the assumptions held in organisations. It also enables them to shape these assumptions and build a shared understanding of their organisations' position, and purpose for instance. In a collaborative context, the need to explicit tacit beliefs can be instrumental in creating a shared view of the partnership's purpose and operation.

The strong focus on the role of the leaders as enablers and as political actors mirrors, to a large extent, part of the literature on partnerships, which is primarily concerned with the formation of social networks, and with their analysis as alternative forms of organisational governance. Williams' work (2002) on boundary spanning is typical of this approach. He is concerned with the "factors that influence the effective collaborative behaviour and competence of key agents managing within inter-organizational theatres" (Williams, 2002 pp. 103). The labelling of these key agents as boundary spanners adds to an analytical framework based on the leadership literature primarily derived from the study of private sector organisations. Indeed the unique characteristics of the public sector in France as in the United Kingdom call for concepts capable of capturing their complexities and encapsulating issues such as governance, networking, mandated collaboration, competition amongst partners. Williams argues that "partnerships are characterised by networked forms of governance", and that "networking is the predominant *modus operandi* of choice of the boundary spanner". He further shows that within the particular partnership he analysed key decision makers operate in a social network, which effectively acts as the strategic apex of the partnership (Williams, 2002 pp. 117):

> "Within the particular interorganisational domain studied, there is a well-developed network of key 'movers and shakers'- primary nodes in the network – which make the partnerships work. It consists of a reservoir of people active at a strategic level, representing different agencies, and organizations who

are referred to as 'the usual suspects' because of their appearance in many different partnerships"

The above is consistent with Downe, Hartley *et al* (2002) argument that networks can not only be means of enhancing organisational effectiveness, but they are also important means of exerting influence and enabling policy learning. The notion that few clearly identifiable individuals determine the strategic orientation of a partnership is close to the concept of centrality, that emerged from the study of business networks (Gnyawali & Madhavan, 2001). These authors define centrality as the "position of an individual actor in the network", it denotes "the extent to which a focal actor occupies a strategic position in the network by virtue of being involved in many significant ties" (Gnyawali & Madhavan, 2001 pp. 434-435). Williams' findings seem to suggest that in an LED partnership context, however, centrality may apply to several key actors as opposed to a single actor.

Williams also shows that key strategic decisions are in fact made outside formal structures, and within social networks. Indeed strategies are decided in the context of personal informal exchanges, to such an extent that sometimes formal meetings may only turn into rituals, where partners validate decisions well rehearsed before hand (Williams, 2002 pp. 118):

> "There is a general view that the 'real' business of partnership work is effected within the framework of these personal exchanges. It is where difficulties are shared, aims agreed, problems sorted out, deals struck and promises made – all out of the public gaze. Crucially, this is where interorganisational imperatives are translated into the organization realities of individual participants, and where the progress of formal events are mapped out in advance and choreographed."

These findings are in line with the analysis of some French researchers, who investigated the relationship between informal networking and formal partnering in order to enhance our understanding of the reasons why formal partnering seems to be resisted in some instances. Brachet (1995) argues that the problems organisations (and their representatives) experience, when working in partnership, do not result from a lack of skills but from the rigidity that formalisation imposes upon them. This opens up an entirely different set of issues, and leads to the work of authors who focus on collaborative capability building for example. According to Brachet, civil servants, agency managers, have always relied on networking and partnering when confronted with issues that can not be tackled through traditional hierarchical means (Brachet, 1995 pp. 102):

> "As soon as hierarchical decision-making fails; civil servants at all levels engage in lateral networking with politicians or professionals. Therefore partnership is by no means a new phenomenon. When relied upon as a dominant mode of operation within the public sector, partnership is equivalent to surfacing and legitimising existing governance systems that already underpin power in local political and administrative systems. This is one of very reasons why there is much concern and resistance towards this form of working"

The difference between informal reliance on networking and the establishment of a formal partnership is that the latter requires an open and shared recognition of lateral sources of power. Such formalisation can, in turn, become a source of contention, and can generate competitions. In the context of informal networking, these sources of tension would be regulated by the flexible adjustment of alliances between individuals and by the fluid social, cultural and institutional learning that occurs as networks evolve as shown by (Clergeau et al., 2000). Clergeau et al's work to a large extent mirrors

ideas that have been developed in the field of sociology, with Bandura's (1977) work on social learning. Such adjustment and flexibility, as well as the fluidity of network membership, disappear or are diminished, as a result of partnership formalisation. This may be one of the paradoxical situations that arise when formalisation occurs for policy delivery purposes: the type of benefits sought through partnering may be less likely to be achieved.

2.3.2.3 Service delivery through operational networks

The notion of network and networking in a public policy context is a well researched one. However there tends to be a focus on policy making with for instance the analysis of policy networks (as in the work of Lowndes & Skelcher, 1998). Alternatively,(Le Galès, 1995; Le Galès P., 2001) small firm networks may be analysed in relation to innovative milieus or regional learning (as in the work of Keeble & Wilkinson, 1999; Sternberg, 1999; Hendry, Brown, & Defillippi, 2000; Rabellotti & Schmitz, 1999).

Some recent publications, though, present networks as value added service systems (Ferlie & Pettigrew, 1996; Bate, 2000). One of the key reasons for partnering is resource dependency. Sharing resources, relying on partner resources require the establishment of systems that enable effective flows of assets, information, and status whether such collaboration takes place in the private or the public sector (Gnyawali & Madhavan, 2001). Yet, given differences in types of resources (which may take the form of finance, equipment, information, or managerial / technical expertise) strategies invariably need to adapt. Perhaps the most significant challenge is the pool human expertise when individuals operate under the same umbrella but are located in different places and specialise in different fields. Pooling diverse professional resources, and maximising their contribution to the delivery of a meta-organisation's agenda is indeed a complex task.

The work of Ferlie and Pettigrew (1996) and that of Bate (2000) focus on the analysis of networks in the British National Health Service, and aim to unravel the nature of such a challenge. Ferlie and Pettigrew (1996) present the structural and cultural changes that took place within the NHS, as a result of centrally driven policies and reform that transformed the NHS from being a vertically integrated organisation to becoming a system regulated by internal markets in the early 1990s. They then point to the progressive growth of relational contracting. Relational contracting extends the notion of contracting beyond product/ service exchange, and incorporates processes of social exchange that reduce uncertainty and build trust and therefore leads to the formation of strong networks. Such networks underpin, for instance, joint service systems, which they call 'Value Added Partnerships' (or VAPs). VAPs exist when "a set of independent companies work closely together to manage a flow of goods and services along an entire value-added chain." (Ferlie & Pettigrew, 1996 pp. 83). According to these authors, "within public sector care [...] there is an increasing number of 'joint production' processes, where the NHS joins with social services, the voluntary and informal sectors in producing joint goods" (Ferlie & Pettigrew, 1996 pp. 83). They argue that in addition to facilitating the management of joint production; networks also enable organisations to enhance flexibility and learning (fundamental when there is an emphasis on greater service variety, service innovation and greater user choice). Further, they ease the management of culturally diverse, and physically dispersed organisations.

Bate's analysis also draws on evidence gathered in an NHS context, through a two year ethnographic investigation of one trust, where levels of friction, conflict and disharmony were so high, morale so low that "the hospital had virtually ceased to operate as an organisation" (Bate, 2000 pp. 489). However, his analysis differs significantly from that of Ferlie and Pettigrew. Bate focuses on culture, while Ferlie

and Pettigrew focused on structures and systems. He finds that three types of cultures prevail in the trust studied. These include the 'culture of tribalism', where different professional factions "dedicate themselves to winning gains for their 'patch' regardless of the harm this inflicts on other parts of the organization" (2000 pp. 490). The 'culture of individualism' emerges as the culture of tribalism is played out. The consequence is that people are left out to their own devices, and are rarely called to account for their actions, leading to problems of accountability. Finally the presence of a strong 'culture of conservatism' impedes innovation and change.

The research methods used are unusual in that they are described as 'applied ethnography' and follow some of the principle of action research, which involves not only giving feedback to participants, but also, calls for the active facilitation of change. This is relevant because the research philosophy, and the methods used were instrumental in deriving a network solution to alleviate the problems that arose from the interplay of the three dominant cultures. In this case, there was a widespread recognition that the issues had a cultural origin, and that therefore the solutions should be cultural themselves. Therefore much of the author's facilitation centred on determining the kind of culture that hospital staff wanted for their organisation. Very rapidly the idea that a single culture could bridge the interests of different 'tribes' was rejected (Bate, 2000 pp. 503):

> "Allegiances to one's profession were far too strong to ever conceive of a single dominant hospital culture; it was not therefore a question of doing away with the different tribes but of finding sensible and realistic ways of linking them together and improving communication and knowledge exchange"

The vision that emerged was one of "a multi-cultural, pluralistic society of inter-locking sub-communities, each fairly autonomous (the intellectual knowledge 'capitals' of the

hospital) but bound together by a sense of common purpose, and shared responsibility. According to Bate, "what had emerged from all the talking was an essentially home grown concept of the future that happened to bear a close resemblance to the idea of network organising [...]" (Bate, 2000 pp. 503). In this context, participants did not approach the network concept as a structural issue; instead they saw networking as the dominant culture, and process that should regulate their work within the hospital. This culture of networking had significant advantages in that it was able to resolve some of the apparently irreconcilable tensions that existed in the organisation. Indeed, it "offered the prospect of more responsibility and more freedom, more diversity and convergence, individuality and collectivity." (Bate, 2000 pp. 504).

In summary, network forms of organisations and networking cultures are, in some professional contexts like that of the NHS, growing in significance. They enable the pooling of many of the advantages that are associated with partnerships (including the creation of value added services), and seem to still allow for the freedom, diversity, and individuality that are fundamental in such contexts. They provide innovative operational solutions to organisations or groups of professionals seeking to work collaboratively without compromising their unique identities.

2.3.3 History, Experience and Learning

The earlier section showed that informal networks underpin strategic decision-making within partnerships, and may even shape operational service delivery. It is evident from the work of a number of researchers that networking is one of the earliest, and most important forms of interactions. It often enables key stakeholders to 'experiment' working with one another, mostly on the basis of very loose, informal agreements, before they commit to formal partnering. This was illustrated in the work of Martin and

Öztel (1996) who showed how successive informal and local partnering initiatives enabled key decision makers to pool efforts, and successfully set up Business Link Birmingham, in the UK.

Such experimentation is analysed by Sullivan and Skelcher (2002) as the formation of an informal network of key decision-makers. Indeed according to these authors, "the period of pre-partnership collaborative activity is one in which ideal type network relationships tend to predominate" (2002 p.124).

In these early stages, a number of processes are at play and provide the necessary goodwill, which in turn underpins some of the critical success factors associated with partnering. Factors such as the development of trust and shared understanding, the need to develop some kind of collaborative competency, the usefulness of basic rules that regulate exchanges within the partnership, the necessity for commitment, good faith collaboration and partner equality, as well as the importance of collaborative leadership have all been emphasised by a wide range of authors considering just as wide a spectrum of collaborative set-ups in the United Kingdom, France or the US (see for example Janus, 1996; Spiering, 2000; Wettenhall & Thynne, 2000; Nay, 2001; Clergeau et al., 2000; Lorrain, 1988; Sullivan & Skelcher, 2002).

In their analysis of collaborative capability building, Sullivan and Skelcher (2002) pool to a large extent most of the above 'critical success factors' by proposing a simple structuring framework. It emphasises individual and organisational collaborative capability building, and determines some of the variables associated with each. According to these authors, collaborative capability is largely dependent on the presence of boundary spanners and reticulists (i.e. people who are skilled communicators and have excellent networking and negotiating skills enabling them to bring partners together by identifying areas of common ground). Such individuals can fulfil the

need for leadership in a range of situations, including circumstances where it is not possible to discern a formal leader. In such cases, "leadership needs to be exercised through the employment of personal skills such as persuasion, through the application of processes and activities that nurture and facilitate co-operation between individuals and organisations and through the use of personal authority to access necessary resources to contribute to the collaborative effort" (Sullivan & Skelcher, 2002 pp. 104). In the case of mandated partnerships, where leaders are appointed because of their position, or the role of their organisation within the partnership (positional leadership), there can be a significant learning challenge. Indeed, individuals "find themselves applying their leadership capacity in a new environment, one where hierarchies have been replaced by networks and inter-organisational reliance and it is not possible to lead simply by virtue of one's formal authority in unitary bureaucracy" (Sullivan & Skelcher, 2002 pp. 104). Trust is the other collaborative capacity building element that is significant at the individual level. The authors highlight that trust is one of the key outcomes of the social networks that develop in partnerships. According to them, it provides a "way of coping with risk and uncertainty in relationships with others" (Sullivan & Skelcher, 2002 pp. 102). In addition to the above, Sullivan and Skelcher point to the fact that individual concerns, such as the possibility to advance one's career within the context of the partnerships, can be important elements shaping collaborative engagement.

Overall, individual collaborative capability is a function of effective communication (reticulists) and socialisation. Capability building should therefore mirror learning in these areas. This is highly consistent with the work of some French policy analysts, who associate learning with social network formation, and analyse such learning as an ongoing process that is intertwined with building and maintaining trust (Clergeau et al.,

2000). If one extends this rationale, learning can be seen as a process underpinning socialisation; one that is inherently dynamic and experiential.

At organisational level, collaborative capability is dependent on the presence or absence of a collaborative culture, which tends to be 'strategically adaptive and responsive" according to the same authors. Organisations with such a culture tend to be "confident in devolving decision-making down to the front line and have a strong external orientation" (Sullivan & Skelcher, 2002 pp. 105). There is the assumption that such organisations will attempt to capture learning and build on partnering experience as it unfolds. The authors show that such 'learning efforts' need to be dissociated from government driven initiatives (particularly since 1997 in the United Kingdom) that tend to focus on policy learning at governmental level, and may be a little value to local players. Local partner learning tends to be the outcome of ad-hoc local internal evaluations they suggest. In this context, organisational learning is clearly seen as the outcome of ex-post evaluation studies. Therefore, the implication is that partners can learn from their past. A long history of partnership is likely to create learning experiences that cumulate over time and form progressively enhanced collaborative capability, particularly when evaluations and reflection are built into the partnering process. However, Sanderson (2001) shows that much work remains to be done in order to link evaluation and learning. In their review of the Beacon Council Scheme, Rashman and Hartley (2002), show that evaluation and audit still focus on control, as opposed to learning, and change management. Sanderson, Percy-Smith and Dowson (2001) concur in their analysis of the local government modernisation and in particular the Best Value agenda. These authors emphasise local authorities need to build a capacity for learning and improvement that relies on research.

In a paper examining learning reported within a network of local authorities implementing changes to address central government's 'Best Value' agenda in the United Kingdom, Hartley and Allison (2002) tested the applicability of Nonoka's model of knowledge creation (Nonoka, 1994). Their findings emphasised the very strong significance of social aspects underpinning knowledge creation; the need to incorporate tacit knowledge transfer when evaluating organisational and inter-organisational performance and the need to more extensively rely on policy implementation methods, such as networking, in order to engineer modes of knowledge transfer that foster socialisation and tacit knowledge development.

In conclusion, both individual and organisational learning can be seen as significant components in collaborative capability building. The literature suggests that experience and time are likely to facilitate effective collaboration at both levels. This review of partnering concepts, and in particular of notions such as social networking, and collaborative capability building suggest that history, experience and learning may indeed be intertwined. The following section aims to review conceptual developments in organisational learning, so that the latter can be combined with conceptual developments in partnership analysis and generate the research framework for this study.

2. 4 Organisational Learning

Numerous reviews of the organisational learning literature, including those provided by Argyris and Schön (Argyris & Schön, 1996; Argyris, 2001; Fiol & Lyles, 1985; Shrivastava, 1983), indicate that early developments in the field occurred in the late 1960s and involved a range of authors interested in organisational change, leadership and learning. However, the work of Argyris and Schön is probably one of the

greatest sources of unifying influence, providing not only synthesis but also a comprehensive theory of organisational learning, as early as 1978. Continuously high citation levels and widespread adoption amongst scholars, illustrate the sustained influence of their ideas since the early 1970s. This review of the literature focuses on identifying concepts that may be particularly useful to investigating learning processes in an economic development partnership context. It will heavily rely on concepts introduced by Argyris and Schön and will complement these, particularly when tailoring the ideas to the field of economic development and partnering. This section will therefore initially discuss key developments in the organisational literature, triggers to learning, single and double loop learning, organisational theories of action and the transfer from individual to partnership learning.

2.4.1 Key Developments in the Organisational Learning Literature

In the 1999 edition of *On Organizational Learning* reprinted in 2001, Argyris provides a detailed review of the organisational learning literature. He makes a bold distinction between what he calls the 'learning organization' literature, which takes the desirability of organisational learning to be 'axiomatic'; and what he labels the 'scholarly literature of organizational learning', led by 'sceptical researchers into organizational learning [who] present, from a variety of perspectives, important reasons to doubt' (Argyris, 2001 pp. 13). Both strands of the literature are rooted in theoretical and conceptual developments that can be traced to the late 1960s and early 1970s, although the 1990s witnessed a clear and strong revival of interest in organisational learning processes (Argyris & Schön, 1996 pp. xvii):

> "Now in the mid-1990s, it is conventional wisdom that business firms, governments, nongovernmental organizations, schools, health care systems, regions, even whole nations and supranational institutions need to adapt to

> changing environments, draw lessons from the past successes and failures, detect and correct the errors of the past, anticipate and respond to impending threats, conduct experiments, engage in continuing innovation, build and realize desirable images of the future. There is virtual consensus that we are all subject to a 'learning imperative', and in the academic world as well as the practical world, organizational learning has become an idea of good currency."

Argyris suggests that both strands of the literature are important, despite the fact that one tends to ignore what the other considers to be central to the theory of organisational learning. He proposes to bridge some of the gaps that exist between the two strands by reiterating the importance of an 'action perspective' which he and his co-author Donald Schön introduced in 1978 with the publication of their seminal book *Organizational Learning: a Theory of Action Perspective*.

The 'Learning organization Literature', flourished in a range of disciplinary areas, including sociotechnical systems, organisational strategy, production, human resources, organisational culture as well as economic development. They all promote the development of an organisational state where wide ranging capabilities are underpinned by learning (Argyris, 2001 pp. 1):

> "This ideal includes notions of organizational adaptability, flexibility, avoidance of stability traps, propensity to experiment, readiness to rethink means and ends, inquiry orientation, realization of human potential for learning in the service of organizational settings as contexts for human development."

In strategic management, the idea of organisational learning has contributed to a shift from traditional planning approaches (with their strong emphasis on strategy formulation) to a focus on change management and implementation. Systems perspective and systemic representations of organisational action shed new light on

the management of organisational core competencies. In human resources management clear distinctions are being drawn between the benefits of formal training and the personal development strategies that centre on self-improvement and change. Organisational culture is presented as a collection of a set of values and norms, basic assumptions that permeate the organisation (shared mental models). Organisational leaders' responsibility is now seen as involving the 'surfacing' and management of these organisational mental models.

Overall, this branch of the literature emphasises the deliberate management of organisational learning processes. By contrast, the assumption that organisational learning can be controlled and managed is considered problematic in the so-called 'scholarly' literature of organisational learning, explored next.

Indeed, this second branch raises questions on the very meaning of organisational learning. As early as 1978, Argyris and Schön asked: what is an organisation that it may learn (Argyris & Schön, 1978 pp. 8) ? More recent contributors such as Kim (1993) highlighted the risks inherent to anthropomorphising organisations by extending to organisations, the use of concepts traditionally used to characterise human activity and learning.

Furthermore, contributors to this branch of the literature question the validity and utility of organisational learning. In some cases learning can be considered as detrimental or as a negative process, rather than one that always leads to beneficial improvements (Cohen, 1991). Indeed, learning can be harnessed to preserve a status quo. Therefore, learning does not always equate to organisational change as would suggest the first branch of the literature. Contributors to this school also raise doubts about the productive nature of learning in an organisational context. Argyris and Schön (1978) have researched the nature of the processes that lead to individual and organisational

defensive routines. When these come into play, resistance to change can indeed become detrimental to the business.

2.4.2 Triggering Learning

In an early piece, Cangnelosi and Dill (1965) analysed some of the processes that underpinned participant learning in a controlled business game. Individuals acting as the senior management of a company were asked to manage that business, while fictitious changes were made to the external and internal environments by a computer programme. Teams were set up so that incumbents within the industry were competing with one another. The authors analysed the processes that underpinned decision-making. They were particularly interested in finding out whether participants as individuals, and as a cohesive group forming the organisation, were able to learn from experience. Their findings were encouraging but incomplete (Cangelosi & Dill, 1965 pp. 190):

> "Many of the changes that we observed in behavior 'happened' without the kinds of explicit analysis and discussion that might signal that changes were impending. The observations were successful in demonstrating that the organisation did learn, but were much less successful in showing how it learned."

Despite the researchers' inability to fully unravel the learning process, they documented extensively a critical element: the trigger of a learning sequence. According to them, tensions and conflicts are primary initiators of learning. Indeed they argued, "inter-organisational conflict and tensions have constructive functions in stimulating adjustment and learning" (Cangelosi & Dill, 1965 pp. 198).

Such conflict and tension created three forms of stress, discomfort stress, performance stress and disjunctive stress.

The authors suggest that discomfort stress results from "the complexity of the environment relative to the time, energy, and ability that groups can expend understanding it, and the uncertainty in the environment relative to a group's ability to forecast the future" (Cangelosi & Dill, 1965 pp. 200).

Performance stress highlights organisations' high degree of sensitivity to success or failure. It is "affected by the outcomes of previous decisions, by the changes in preferences or aspiration levels, by incentives existing within the organization and manipulated by its leaders, and by the degree to which management is challenged with the newness of its task" (Cangelosi & Dill, 1965 pp. 200). Cangelosi and Dill (1965) argue that because discomfort and performance stress manifest themselves mainly at the individual level, they tend mostly to lead to sub-system, rather than total system learning. Therefore discomfort and performance stress may be of less significance for this study than the third form of stress they identity, called disjunctive stress.

Disjunctive stress results from "increasing degrees of divergence and conflict in the ways in which individuals and subgroups behave" (Cangelosi & Dill, 1965 pp. 201). They propose that disjunctive stress is the prime source of organisational learning (Cangelosi & Dill, 1965 pp. 201-202):

> "Organizations have expectations or norms about the extent to which various activities should be co-ordinated and about the amount of conflict and disorder that can be tolerated. [...] When individual and sub-group adaptation produce divergence and conflict beyond what the organization can tolerate, total system learning is likely to take place."

The idea that tensions leading to stress or conflict tend to generate learning sequences, is in line with Argyris's early work (1976; 1978), which incorporated the notions of problem solving, crisis and error generation and resolution as triggers and outcomes of learning (Argyris, 1976 pp. 365):

> "Learning is here defined as the detection and correction of errors, and error as any feature of knowledge or of knowing that makes action ineffective. [...] The detection and correction of error produces learning and the lack of either or both inhibits learning."

The precept that one would need to detect and correct errors (therefore engage in organisational learning) is very close to the idea that performance stress is source of organisational learning. These ideas have been the subject of significant development in the contemporary crisis management literature, where crises are characterised by their high magnitude, their element of surprise, a requirement for immediate action; and the idea that they are outside the organisation's complete control (Gnyawali & Madhavan, 2001). Scholars in the field share the view that crises have the potential to dramatically endanger organisations' reputation and viability (Gnyawali & Madhavan, 2001; Ferlie & Pettigrew, 1996; Bate, 2000; Argyris, 1976). Despite these areas of convergence, scholars in the field do propose different ways of defining crises. In particular, their emphasis on sociological and political factors as sources of crises varies significantly.

Pauchant and Mitroff (1992) use two dimensions to distinguish between incidents, accidents, crises and conflicts; all of which are disruptions of different magnitude and significance according to them. These dimensions are respectively the locus of disruptions (which can be a sub-system, or the whole system) and the system level that is affected by disruptions (these being the physical and symbolic levels). According to these authors, incidents are of a physical nature and occur within subsystems. The

operation of the system as a whole is not threatened and defective parts can be repaired. Accidents are also of a physical nature but do require shutting down of the system. They further propose the term conflict "to describe those times when the symbolic structure of a system is disturbed, but not to the point of challenging its basic set of assumptions" and define crisis "as a disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of the self, its existential core." (1992 pp. 12).

The distinction that Pauchant and Mitroff (1992) make between crises and conflicts[9] is not present in the work of political scientist Sagan (1994) who highlighted that conflicting interests and norms amongst organisational sub-units can be the source of major disasters in high risk industries.

Therefore, Cangelosi and Dill's concept of 'disjunctive stress' can itself be separated into two categories. These would incorporate stress or crises of a physical nature and crises that are affecting an organisation's norms, values and belief systems. In the context of this study and for simplification purposes the main types of crises will be called respectively operational crises and value crises.

2.4.3 Types of Learning: Single and Double Loop Learning

Although empirical evidence was merely emerging, notions of single and double loop learning were debated in a paper published by Argyris in 1976 in *Administrative Science Quarterly*. Therein, Argyris provided a critique of the 1974 book *Leadership and Ambiguity* by Cohen and March. His main concern is about the assumption Cohen and March make about leaders' ability of to enhance decision-making (Argyris, 1976 pp. 364):

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[9] Crises are according to Pauchant and Mitroff of a physical nature; while conflicts are considered more benign and confined to disturbances affecting and organisations' symbolic and value systems.

> "Cohen and March (1974) view inter-group coalition rivalries, avoidance of uncertainty, interpersonal threat and mistrust as factors inhibiting decision-making effectiveness, but they were viewed as factors to be understood not altered."

Argyris suggests that the idea that change is possible, even if the underlying causes of the problems an organisation experiences are not addressed, is paradoxical. He agrees that Cohen and March's approach to learning is the dominant form of organisational learning and labels it 'single loop learning'. He calls for double loop learning which according to him is more likely to generate sustainable change (Argyris, 1976 pp. 367):

> "One might say that participants in organizations are encouraged to learn to perform as long as the learning does not question the fundamental design, goals, and activities of their organizations. This learning may be called single loop learning. In double loop learning, a participant would be able to ask questions about changing fundamental aspects of the organization."

Therefore, Argyris contests the idea that scholars should promote a form of organisational action that relies on limited learning structures. Instead he suggests that double loop learning should be sought and a model promoting this form of learning should be established so that decision-making effectiveness can be sustained using an explanatory approach to effective decision-making (Argyris, 1976 pp. 367):

> "To intervene in these circular processes, one needs a model that helps to explain what aspects of current behavior of decision makers and policy makers inhibit double loop learning, a model that would increase the effectiveness of decision-making and of policy making, and finally one that would make it possible to use the explanatory model to achieve effectiveness."

A key area of contention between Argyris and Cohen in 1976 was therefore about

leaders' ability to alter embedded elements of organisational culture and practices. Whilst Cohen proposed to work with inter-group rivalries, Argyris recommended that such issues needed to be addressed to enable a deep level of learning, which he labelled double loop learning.

In a short, yet emphatic rejoinder published in the same issue of *Administrative Science Quarterly,* Michael Cohen's position is clear. He would rather work with organisational realities as they are experienced; and optimise decision-making within them rather than try to impose idealistic approaches unlikely to be in sink with the way human beings operate (Cohen, 1976 pp. 376-377):

> "His [Argyris] objection is to what he views as our 'support' of the world as it is when we recommend to leaders how best to cope with what they face. He would not have us offer advice premised upon the continued existence of organizational realities that he and I agree are unhappy. We differ as to whether those realities can be readily altered. In particular, he believes that the extent to which behavior in organizations is driven (he might say distorted) by the pursuit of individual interests can be substantially reduced by recommending a different theory of leadership. I confess I rather doubt it. My doubt rests in the one hand on the pervasiveness of conflict in human affairs and, on the other, on the perennial scarcity of that most precious resource, attention. These have been two central elements of political scientists' perspectives on human affairs since the discipline's emergence with Machiavelli. [...]. If conflict and attention scarcity are substantially irreducible features of social life, there will be present in most social situations powerful incentives *not* to convey full and accurate information, *not* to protect others' interests or to trust others, to protect one's own, *not*, in short to behave

according to an ideal standard that all might espouse and, indeed, genuinely prefer."

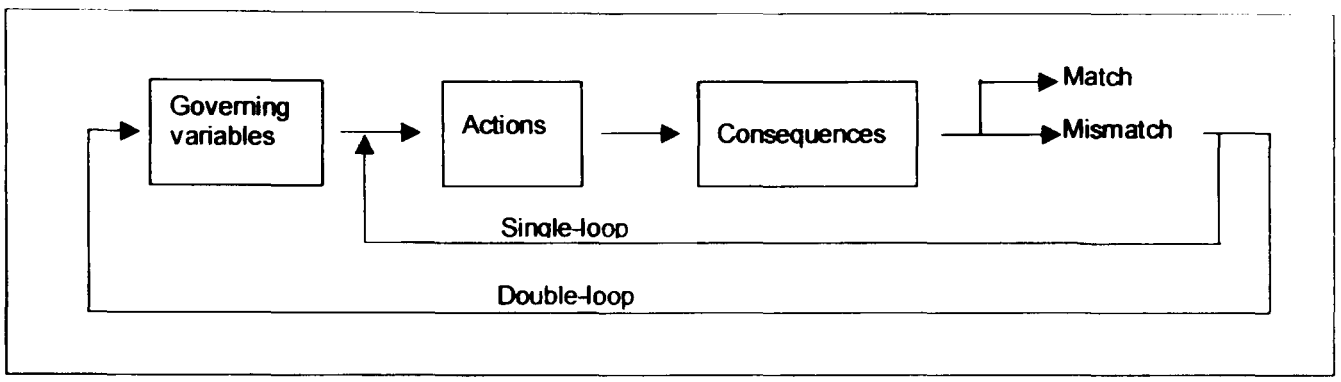
In a subsequent publication, Argyris and Schön (1978) provide a more refined definition of single and double loop learning. According to them "organizational learning involves the detection and correction of error. When the error detected and corrected permits the organization to carry on its present policies or achieve its present objectives, then that error-detection –and-correction process is *single loop learning*. [...] *Double loop learning* occurs when error is detected and corrected in ways that involve the modification of an organization's underlying norms, policies and objectives." (Argyris & Schön, 1978 pp. 2-3)

The above showed that the validity and relevance of 'double loop learning' as a concept, was brought into question almost at the point of inception. However, it has evolved and been widely adopted, renamed, to the extent that it is considered to be one of the building blocks of organisational learning theory. Argyris and Schön (1996) state that the distinction they make between single loop and double loop learning stems from Ross Ashby's *Design for a Brain* published in 1960. Since the distinction between single and double loop learning was made, variants of the same concepts have been offered, including lower and higher level learning (Fiol & Lyles, 1985), adaptive and generative learning (Senge, 1990a), paradigm constrained and paradigm breaking learning (See Argyris, 2001 for a review).

Overall, the precept that there are different kinds and depths of learning has widely been adopted within the literature. The representation of these different types of learning vary somewhat, even though, there is a clear influence from systemic perspectives of organisational learning (Stacey, 2000).

Throughout his research programme on organisational learning, Argyris has focused on presenting an organisation's entire learning system. This has meant that the feature that is most emphasised in his work is the identification and correction of error in the context of an organisation's entire learning system, as illustrated in figure 2.1.

Figure 2-1 Argyris's representation of single and double loop learning

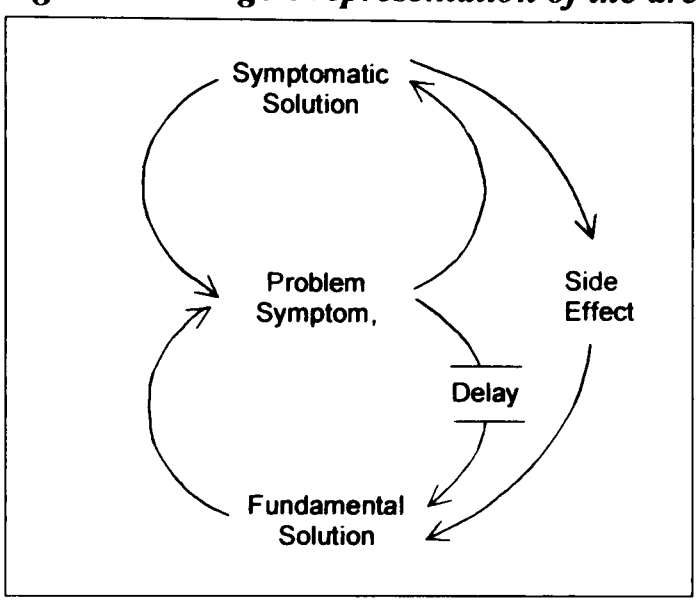


Such an approach has enabled Argyris and Schön to investigate organisational learning systems as a whole (1978). They proposed that organisations fell into categories depending on the depth and effectiveness of their learning systems. OI Model organisations are best described as places where single loop learning prevails. By contrast OII Model organisations are characterised by the presence of double loop learning. When businesses are able to focus on the development of their learning systems they can achieve deutero-learning. When this occurs, the organisation is able to move beyond specific learning experiences and centres its efforts on sustaining and enhancing organisational learning systems.

Peter Senge's work centres on the nature of organisational action and in particular, the identification of archetypical patterns that may characterise such action. He (1990a) emphasises symptomatic solutions (associated with 'adaptive learning') and fundamental solutions that he associates with 'generative learning'. As a result Senge's representational approach departs from that proposed by Argyris and Schön (1978)

because of its focus on specific actions. This is particularly evident in the archetype labelled 'shifting the burden' that Senge reveals in his popular text, *The Fifth Discipline* (1990). The archetype 'shifting the burden' aims to differentiate between symptomatic solutions (which can only lead to limited learning, adaptive learning in his terms) and fundamental solutions (which represent the means of achieving sustainable change and deep level learning – labelled generative learning) - see figure 2.2.

Figure 2-2 Senge's representation of the archetype 'shifting the burden'



Like Senge, Stacey's representational approach focuses on a specific action as opposed to entire organisational learning systems. However Stacey's work remains extremely close to Argyris's philosophy because of the emphasis it places on the potential for double loop learning to alter existing organisational mental models. This is evident when Stacey's representations of single loop learning (figure 2.3) and double loop learning (figure 2.4) are compared. Unlike Argyris and Schön (1978), Stacey's purpose is not to disentangle complete and complex organisational learning systems, but it is to identify how a problem and its resolution affect the evolution of that organisation's norms and values, and therefore that organisation's mental models. This is highly consistent with the objectives of this study, which intends to investigate how partnerships learn from key events throughout their history.

Figure 2-3 Stacey's representation of single loop learning

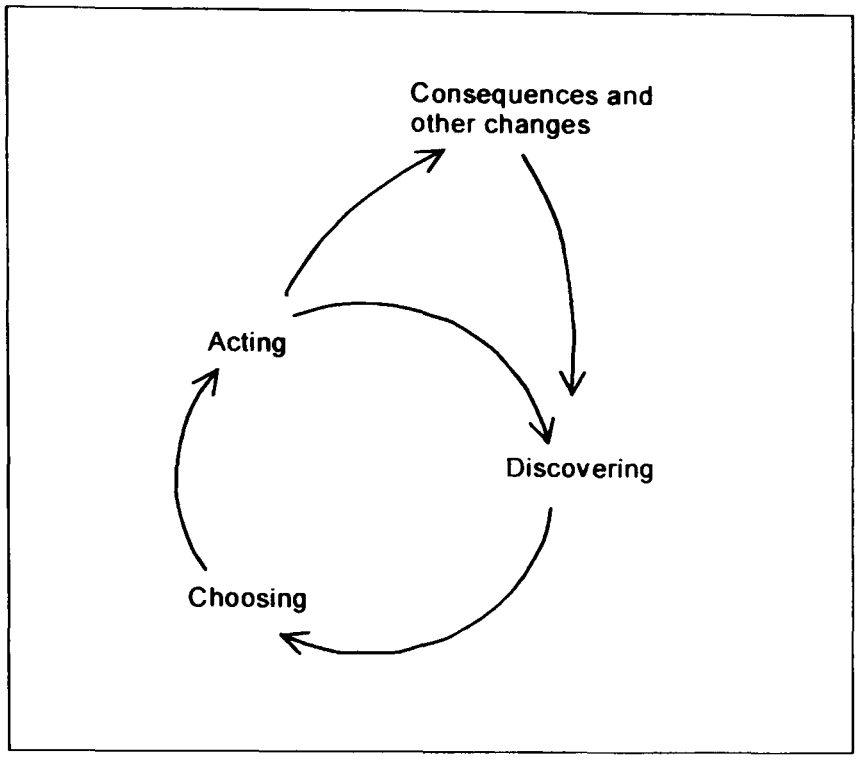
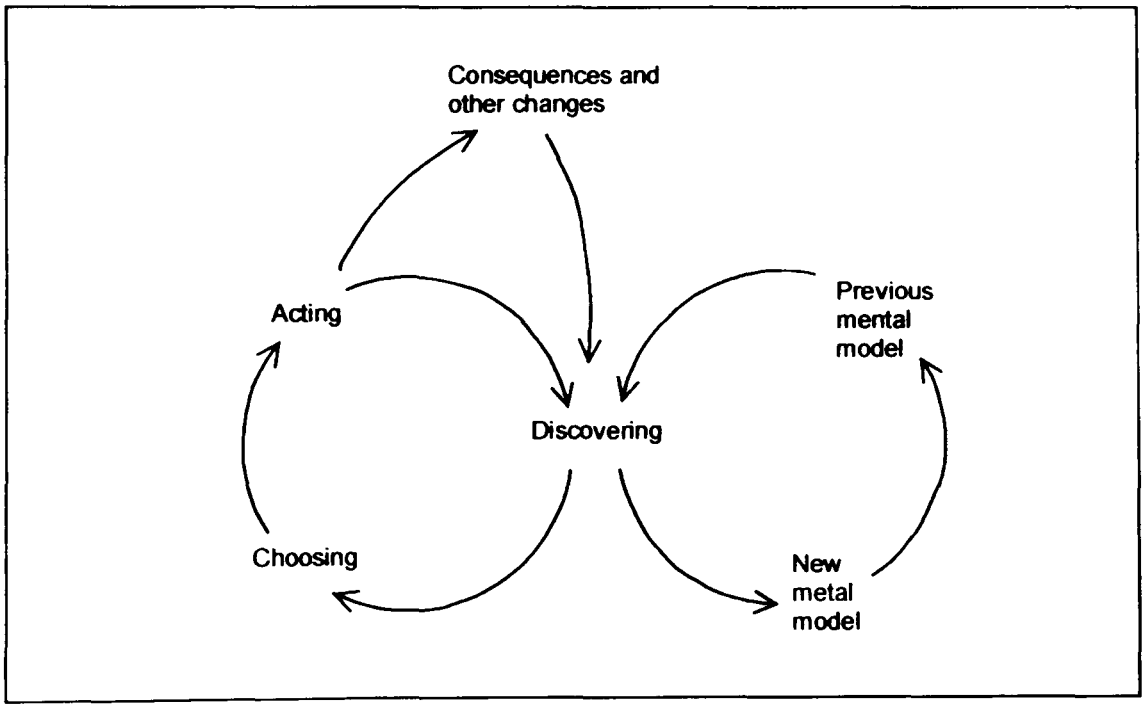


Figure 2-4 Stacey's representation of double loop learning



At a representational level, it will therefore be important to focus on key partnership events or decisions, and the impact these may have on partnership value systems. So far notions such as partnership norms and values, mental models, worldviews or value systems have been used interchangeably. The next section aims to define these concepts and adapt their use specifically to this study.

2.4.4 Organisations' theories of action / mental models

The definitions of single and double loop learning, strongly build on the idea that organisations possess 'frameworks' that incorporate their norms, values, goals and strategies. Such frameworks have been analysed by Argyris and Schön (1978) as organisational images, maps and as organisational theories of action.

Images and maps are key components of organisational life. They are constructed at individual level, can be shared. As such they capture the collective understanding of organisational values, including, for example, norms that determine what is acceptable or unacceptable behaviour. They were described as 'the shared descriptions of organization which individuals jointly construct and use to guide their own inquiry' (Argyris & Schön, 1978 pp. 17). Such shared understanding and descriptions tend to be tacit and acquired through socialisation processes extensively analysed in the knowledge management literature (Nonoka, 1994; Lam, 1997).

These images and maps have been labelled in more recent publications 'organisational mental models' (Kim, 1993; Senge, 1990a). Both Kim and Senge emphasise the importance of mental models. Kim (1993) in particular analyses in detail the building blocks of mental models distinguishing between norms, values[10] and routine behaviour that has become deeply embedded within organisational practice.

According to Argyris and Schön such norms, values, images and maps shape organizations' instrumental theory of action (Argyris & Schön, 1978 pp. 15):

> "The company's instrumental theory of action is a complex system of norms, strategies, and assumptions. It includes in its scope the organization's patterns

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[10] Kim groups norms and values and labels them using the German term Weltanshaung, to suggest that these act as filters, and enable individuals and organisations to make sense of reality.

> of communication and control, its ways of allocating resources to goals, and its provisions for self-maintenance- that is for rewarding and punishing individual performance, for constructing career ladders and regulating the rate at which individuals climb them, and for recruiting new members and instructing them in the ways of the organization."

Further, organisations' theories of actions are of two kinds. They include espoused theories and theories in use. These concepts were introduced in the early work of Argyris and Schön (1978), however definitions have been simplified and shortened in subsequent work (Argyris & Schön, 1996 pp. 13):

> "By 'espoused theory' we mean the theory of action which is advanced to explain or justify a given pattern of activity. By 'theories in use' we mean the theory of action which is implicit in the performance of that pattern of activity."

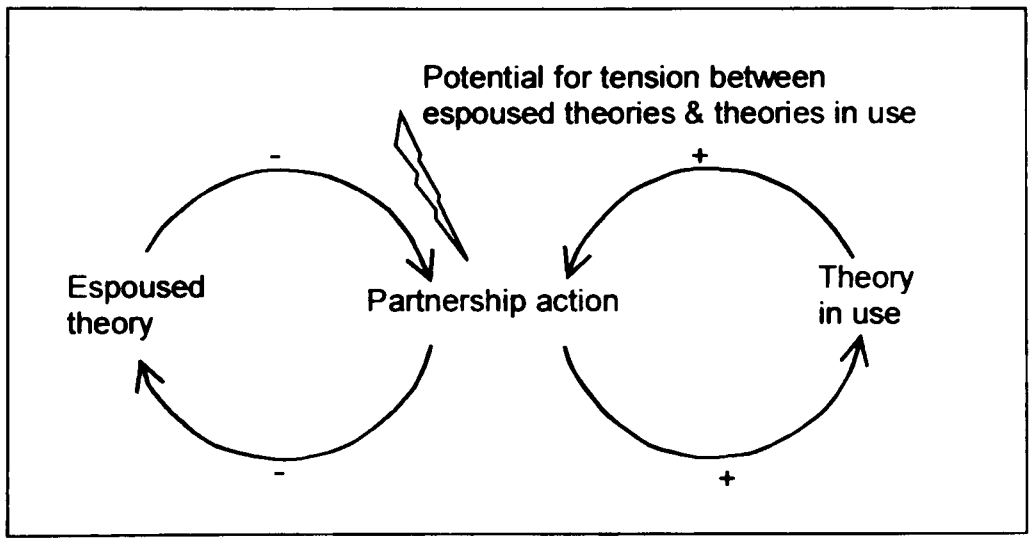
Much of Argyris and Schön's work since the 1970s has focused on showing how and why there tends to be clear discrepancies between how individuals and organisations tend to rationalise and explain their actions (espoused theories) and the actual rationales that led to these actions (theories in use).

Our review of the role and significance of partnership objectives has highlighted how difficult the negotiation and implementation of shared objectives can be. This simply highlights how tall an order it is to assume that partnerships can develop, over relatively short periods of time, shared theories of action. The commonly imposed requirement on partnerships to state shared objectives may merely push them to formulate espoused theories that then become part and parcel of their public relations strategies. The question is whether they can ever implement these espoused theories and therefore transform them into theories in use. If they can, what would be the nature of the

learning process? The significance of single and double loop learning, discussed earlier, and their relationship with organisational theories in use and espoused theories, suggest that one can focus on specific organisational actions. The figures below aim to capture this idea. They draw on representations of organisational learning previously presented in this section (figures 2.1, 2.2, 2.3 and 2.4). They also tailor these to the analysis of a partnership's learning process and its constituting elements including partnership theories of action and the potential for single or double loop learning.

Figure 2.5 illustrates how a particular partnership action may be framed within existing partnership value systems.

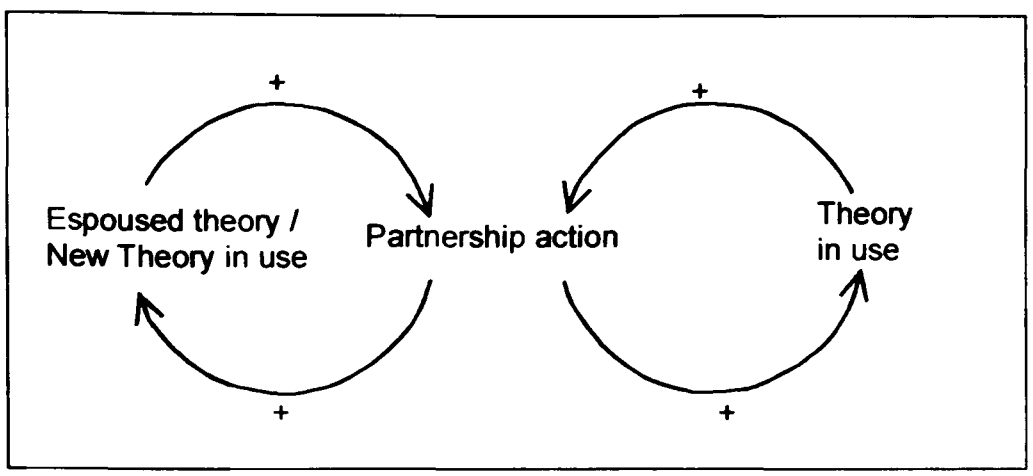
Figure 2-5 Partnership learning when espoused theories and theories in use conflict



The right hand side of the figure shows how a partnership's existing theories in use frame partnership action. The positive signs illustrate how each of these elements has a reinforcing effect on one another. As discussed earlier, the nature of learning when actions are framed within established theories in use tends to be single loop. The limits of single loop learning is highlighted in the figure by illustrating the potential conflict there can be between a partnership's espoused (therefore public) theories of action and its actual behaviour when the latter is framed by tacit theories in use.

Figure 2.6 illustrates how a partnership's action can directly be linked with double loop learning that leads to the emergence of new norms or values or enables a partnership to transfer espoused theories into theories in use.

Figure 2-6 Partnership learning when theories in use and espoused theories converge



In the kind of situations illustrated above, partnership action can not only lead to a readjustment and strengthening of existing norms and values but it can also generate new norms as espoused theories are reinterpreted through organisational action driving change. Figure 2.5 and 2.6 will be used in order to explore the relationship between partnership objective formulation and implementation and partnership learning.

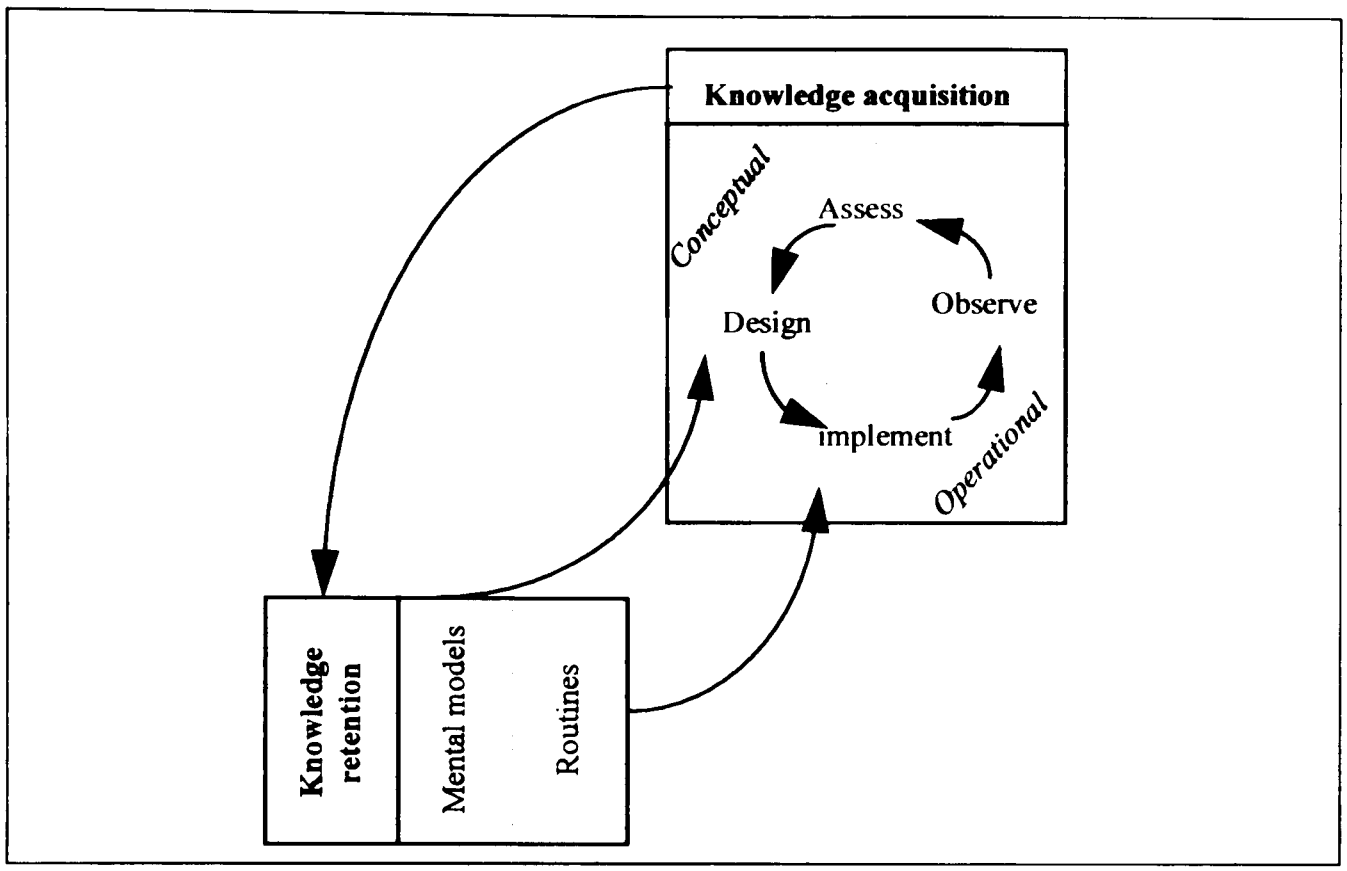
2.4.5 The Cyclical Nature of Individual Learning

Since Kolb (1976) the cyclical nature of individual learning processes has been widely accepted and the principle extended to a range of management disciplines where the need for organisational learning was called for, including the total quality movement (Imai, 1986) and organisational culture and leadership (Schein, 1992).

A key aspect of Kolb's early contribution is the distinction he makes between cognitive and behavioural aspects of the learning process. More recently, Kim (1993) used the same distinction in his analysis of the transfer between individual and organisational

learning, altering however slightly the terminology to reflect an applied business perspectives. He labels cognitive learning 'conceptual learning' and behavioural learning 'operational learning' as illustrated in the figure 2.7.

Figure 2-7: Integrated model of individual learning



Adapted from Kim (1993).

For Kim knowledge retention and memory are as important as the dynamic knowledge acquisition process. He therefore incorporates in his model the role of active memory. Active memory refers to 'the active structures that affect our thinking process and the actions we take' (Kim, 1993). They comprise individual mental models and routines. Kim's perspective enhances our representation of individual learning, but this depth of analysis may still be insufficient, because a number of scholars, including Kim (1993) call for a more detailed investigation of the stages involved in organisational learning. The next section aims to unravel the learning process in more detail, first by exploring the nature of individual learning then exploring the implications for partnership learning.

2.4.6 From Individual to Partnership Learning

How does the transfer between individual learning and organisational learning take place then? Both Senge (1990) and Kim (1993) suggest that the process is essentially incremental. Individual learning experiences and individual mental models progressively become explicit and lead to the formation of 'shared mental models'. Similarly, individual routines are progressively adopted and become organisational routines as they enable the improvement of existing practices. Therefore, from the perspective of these two authors, organisational learning is incremental; the process can be managed if sufficient emphasis is placed upon making explicit individual mental models, seen as the building blocks of shared mental models.

For Argyris (2001) a detailed analysis of how such a transfer takes place is still required. According to him, the idea that organisational learning mirrors individual learning processes is too often taken for granted. Furthermore, key issues that will prevent organisational learning, including organisational defensive reasoning are also overlooked. Argyris points to the potential for conflict and resistance to change as organisations strive to learn. A similar argument is made within the economic development partnership literature. It is accepted amongst scholars in the field (particularly those who have analysed the process by which shared objectives are developed) that making explicit each partnering organisation's mental models is highly likely to enhance chances of conflict. It was shown in earlier sections of this literature review that some partners' agenda is to transform their counterparts, even though publicly they may well profess to be equals. Even in cases where partners are brought together because of a common objective, their long-term organisational interests frequently diverge. This may well explain why researchers in the field recommend pragmatic and opportunistic approaches centred on modest shared goal development

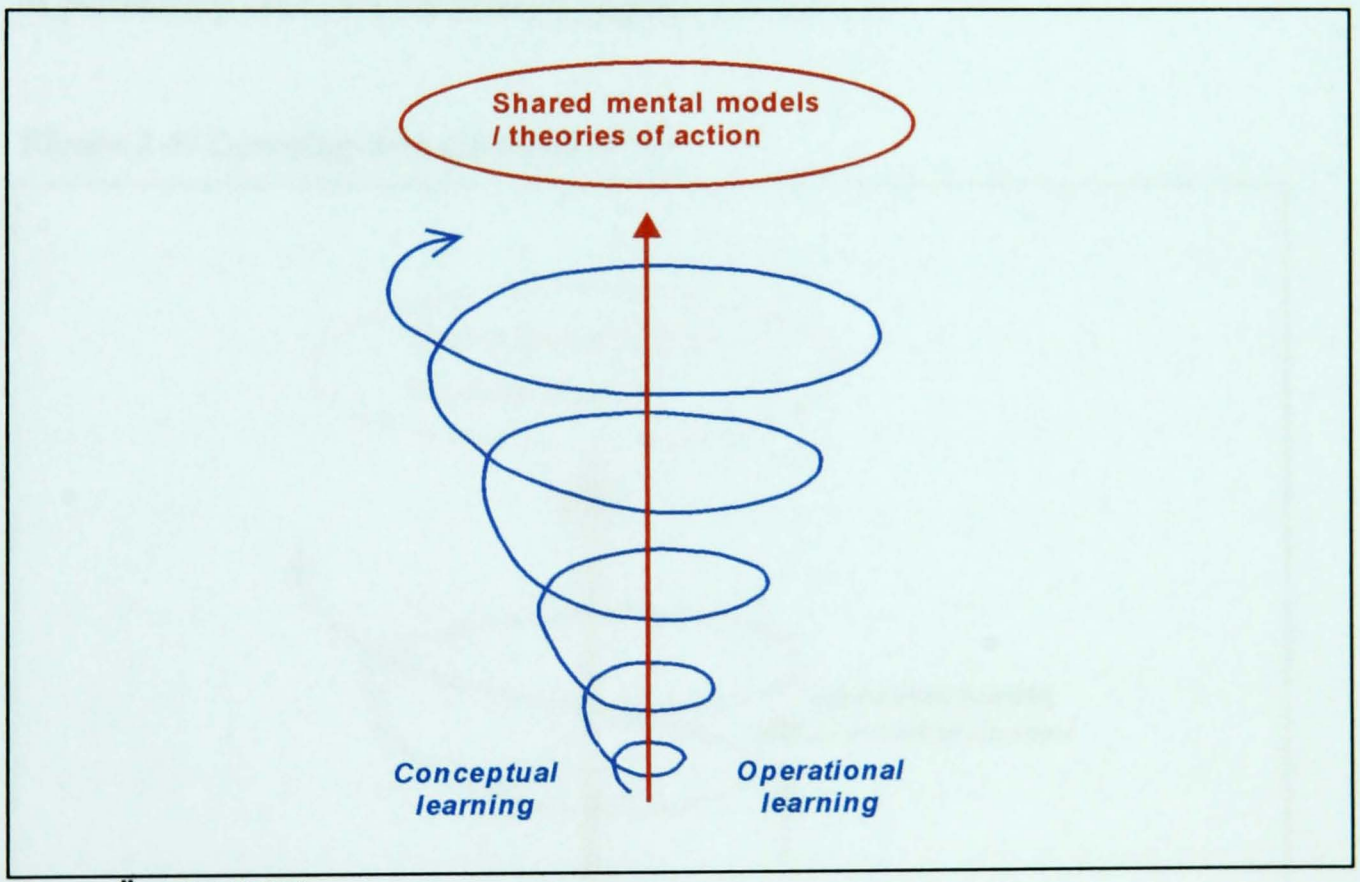
objectives. Therefore Senge and Kim's recommendation that existing mental models should be 'surfaced' in order to enable the development of shared mental models, and in the process facilitate organisational learning, may have limited scope for application to economic development partnership contexts where such an approach may increase the likelihood of conflict. The limited scope for the application of Kim and Senge's recommendation to manage mental models may stem from the fact that their research focuses on organisational learning in corporate settings. The range of variables that have a bearing on public-private partnerships are not only different, they are unique. For example, although notions such as corporate social responsibility have growing currency within the private sector's discourse, the extent to which they lead to changes to corporate behaviour remains limited. By contrast public sector organisations are constantly scrutinised by a range of stakeholders to whom they are formally accountable.

Since making explicit the mental models of collaborating parties is likely to exacerbate conflicts of interest, the issue for partnerships could be to tap directly into the creativity of collaborating individuals to enable them to develop new, shared mental models. This would, for example, require them to draw the principles for collaborative actions from their practice of collaboration (instead of imposing principles on collaboration derived from their organisational mental models and prior to its practice).

An earlier research project by the author (Öztel, 1998b; Öztel, 1997) supports this view. It showed that in collaborative contexts, the formation of shared mental models and theories of action is less dependent on surfacing members' mental models than it is on the partnership developing its own unique mental models as it accumulates experience over time. By drawing on Nonoka's spiral representation of the knowledge creation process (Nonoka, 1994) and building on the theory that partnership learning requires

the emergence from practice of shared mental models, one can represent partnership learning as an iteration between conceptual and operational learning that spirals into an ever growing body of shared mental models and partnership theories of action. Figure 2.8, labelled 'the partnership learning spiral', illustrates such a partnership learning process. It illustrates how, in the course of collaborative activity, where employees (or members) of different organisations are involved, new and creative ideas (conceptual learning) may be put in practice (operational learning) and inform the formation of collaborative routines.

Figure 2-8 The partnership learning spiral



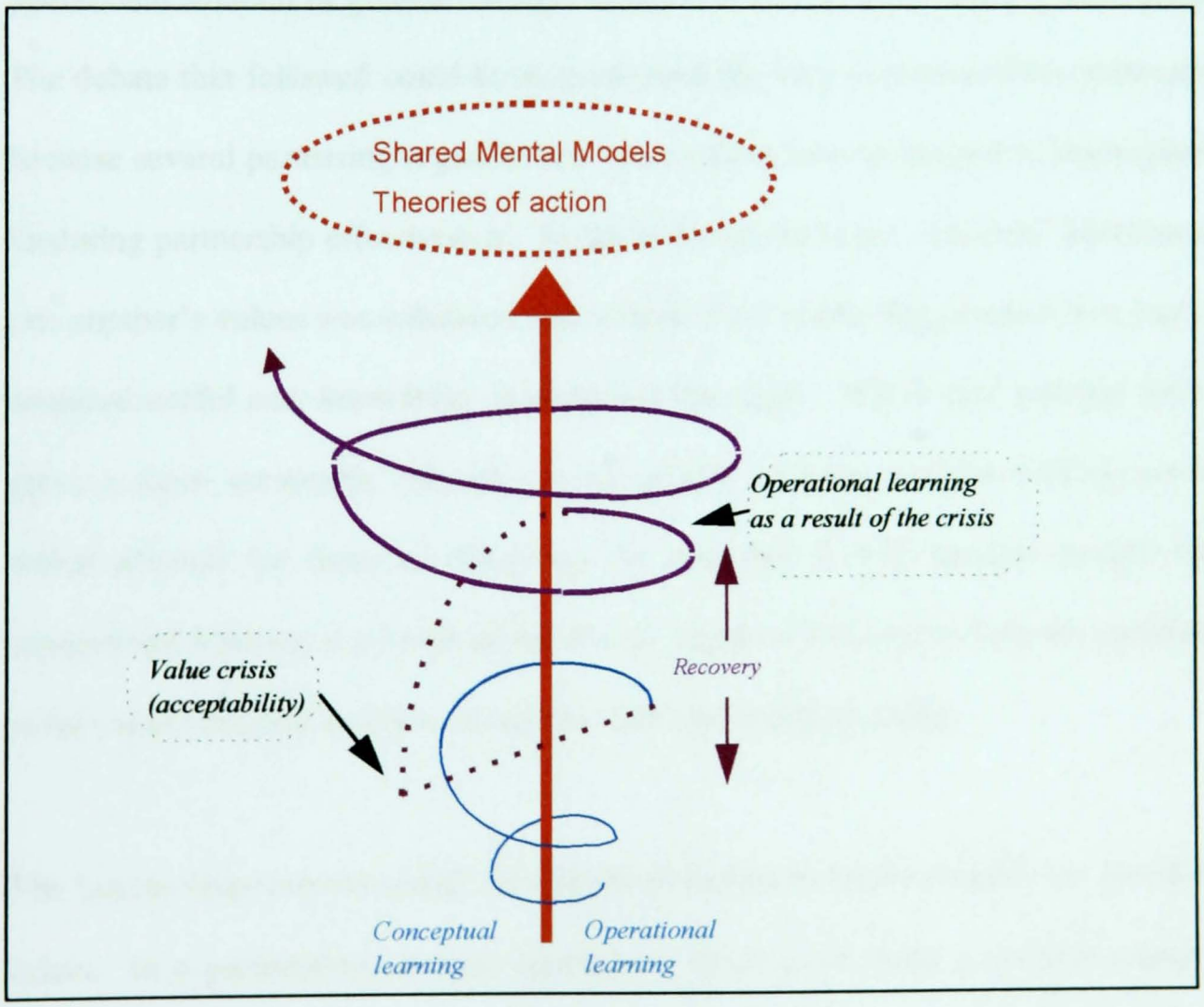
From Öztel (1997)

The figure also shows how an imaginative and practical solution devised in the course of daily partnership operations (operational learning) can trigger the development of new values or understanding (conceptual learning), which in turn may affect partnership mental models and theories of action.

The interaction between conceptual learning and operational learning does not always follow an upward spiral. Significant regressions are likely to occur in the course of partnership activity. Given the conclusions drawn from the review of the literature relating to triggers of organisational learning, it is clear that operational and value crises need to be incorporated into the partnership's learning spiral. Whilst interaction between conceptual and operational learning are likely to enable the development of partnership theories of action, the likelihood of value and operational crises disrupting and endangering such a process is equally significant.

The impact of such crises and learning sequence that may occur depending o the nature of partnership crises are illustrated in figures 2.9 and 2.10.

Figure 2-9: Learning through value crises



From Öztel (1997)

Figure 2.9 illustrates how the 'partnership learning spiral' can be used to explain how a partnership's sustainability may be weakened via value crises. Value crises are generated by pressures to adopt operational solutions, which are not acceptable to one or more collaborating parties.

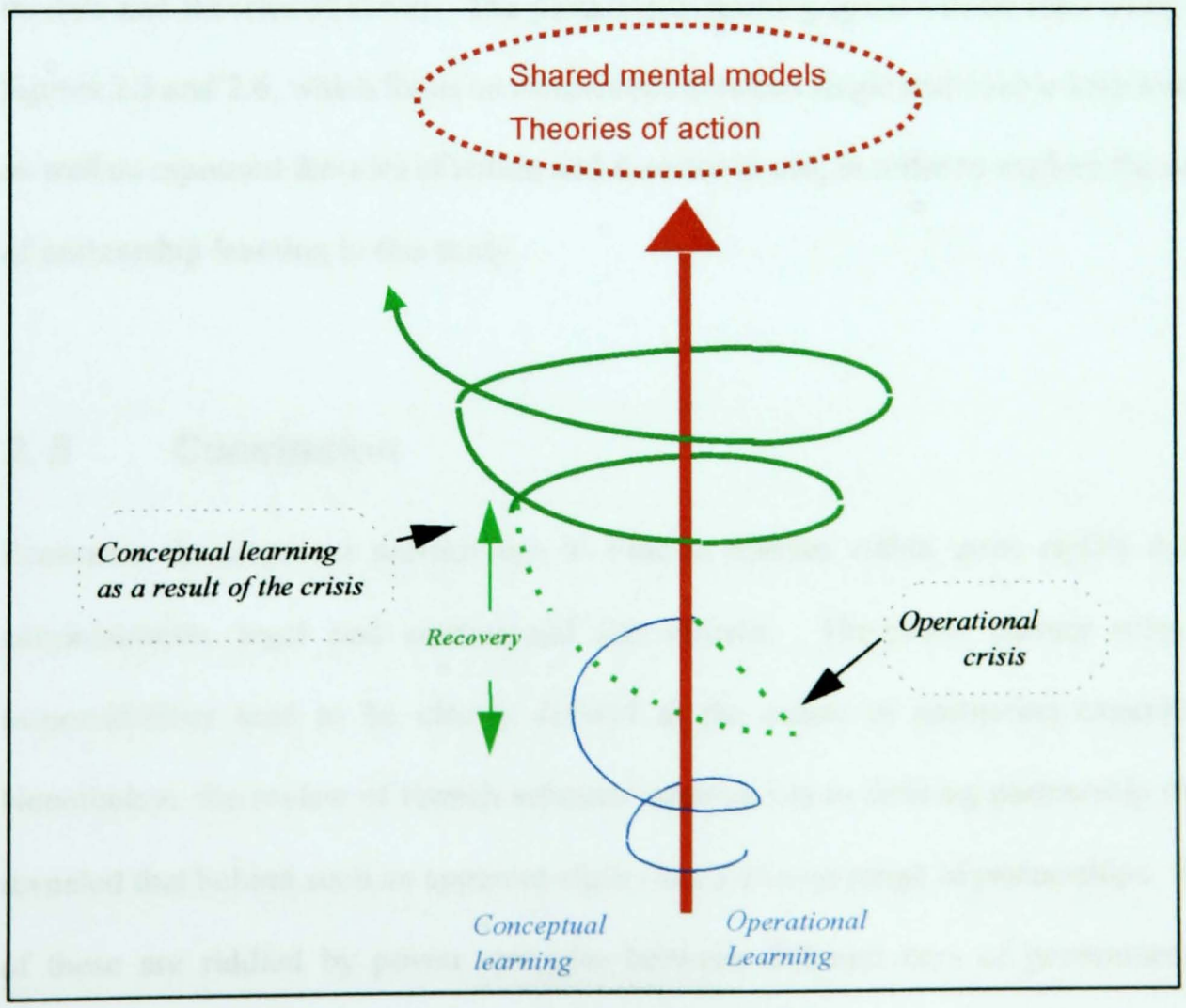
The 1997 study (Öztel, 1998b; Öztel, 1997) illustrated how this occurred in the context of a public-private partnership. A private sector representative lobbied in order to give managers within the partnership a greater degree of financial discretion so that decisions could be made faster than previously (making the process more efficient from their perspective). However, from the perspective of a public sector partner, this limited public scrutiny and contradicted its accountability duty. As a consequence, the operational solution of greater managerial discretion in decision-making was rejected. The debate that followed could have questioned the very existence of the partnership, because several partnering organisations' core values were portrayed as inadequate or hindering partnership effectiveness. In this instance, however, members' awareness of one another's values was enhanced and, despite their conflicting perspectives, partners acquired useful new knowledge (conceptual learning). This in turn enabled them to agree a more acceptable (though not necessarily optimal) decision-making process, which allowed for financial discretion but also tied it with specific budget limits (operational learning as a result of the crisis). Figure 2.9 illustrates how the partnership *value crisis* occurred and was overcome with operational learning.

The 'partnership learning spiral' can also be disrupted by implementation or operational crises. In a partnership context, operational crises arise when a common project is agreed but fails to be put in practice. The 1997 study (Öztel, 1998b; Öztel, 1997) found an instance of such a situation when members of the partnership agreed to share information held on their organisational client databases and to develop an

integrated information system, which was to be accessed by all partners. This made sense, because all partners were serving the same target market located within largely overlapping geographical boundaries.

The project failed to be implemented within the time frames agreed because of resistance from middle managers (who felt their jobs were at threat) and because of concerns about the developmental costs of the intended system. This meant that some partners were slower to commit resources than others. The implementation crisis that followed generated debate among partners. They acquired a better understanding of one another's problems, further the scope and purpose of the project was clarified and communicated more extensively. In parallel agreements were drawn about information ownership and management. The conceptual learning that took place as a result of the implementation crisis secured greater commitment and facilitated the subsequent implementation of the project (see figure 2.10).

Figure 2-10: Learning through implementation crises



In this example too learning enabled the partnership to overcome the crisis. In this instance though, the implementation crisis was followed by the development of new partnership norms and values (conceptual learning), in turn contributing to the growth of shared mental models.

In conclusion, the presence of value and operational crises demonstrates that partnerships' dynamics cannot simply be defined as positive learning experiences or continuous improvement. In fact a partnership's life can be paved with regressions as well as progress. A partnership's existence may be questioned after each crisis. Partners may fall out and decide that conflict or competition is better alternatives than collaboration, particularly when collaboration is not a statutory requirement. However, the partnership learning spiral suggests that such crises, when overcome through learning, can enhance the quality of relationships within the partnership and underpin their long-term sustainability, through the development of unique partnership mental models and theories of action. The partnership learning spiral will be used along with figures 2.5 and 2.6, which focus on distinctions between single and double loop learning as well as espoused theories of action and theories in use, in order to explore the nature of partnership learning in this study.

2. 5 Conclusion

Economic development partnerships in France operate within quite rigidly defined administrative, legal and commercial frameworks. Therefore, partner roles and responsibilities tend to be clearly defined at the outset of partnering experiences. Nonetheless, the review of French scholars' approaches to defining partnership clearly revealed that behind such an apparent clarity lies a diverse range of partnerships. Some of these are riddled by power struggles between different tiers of government.

Others are primarily set up to access funding, whilst others have as true focal concern the formulation and implementation of collaborative policy. While some partnerships bring together powerful regional actors attempting to work together, others are determined by contractual agreements and focus on sub-contracted public service delivery.

Despite the variety of partnering arrangements that have emerged in practice, policy implementation increasingly depends on such arrangements, indicating a drive within French public services to foster collaboration between the public and private sector, and amongst local economic development institutions, including local and regional governments.

Such a drive isn't without problems. The boundaries between the public and private sectors have become increasingly blurred. Policymaking has become the remit of groups of organisations, some of which lack the democratic accountability that is normally expected of institutions empowered to formulate public policy. Power and decisional capacity are distributed across governance systems that have been emerging locally and are growingly influential in a wide range of policy fields.

In addition to issues of democratic accountability and governance which have been documented in the United Kingdom and France alike; partnership as form of policy delivery is extremely challenging to implement. The potential impact on regional governance systems and the need for power sharing have a strong and practical bearing on a partnership's ability to formulate shared objectives. Turf wars and struggles for control can seriously slow if not endanger the progress of a partnership. Despite the widely accepted nature of the challenges associated with partnership working, policy makers persist in promoting this form of policy delivery. This has led some

commentators to analyse evaluation studies commissioned by practitioners as legitimisation devices rather than policy learning tools. However, others centre their work on determining whether partnerships can progressively learn from experience and develop a partnering capability that could enhance policy delivery locally.

The key line of inquiry of this study is derived from this concern. In broad terms the study aims to determine whether partnering organisations can learn to overcome hurdles associated with joint working.

This requires investigating the development of shared partnership objectives. Although synergistic rhetoric may be widely used, the drive to 'transform' partners, or defensive actions to protect turf indicate that the negotiation and implementation of shared objectives is one of the most significant stumbling blocks to effective partnering. Therefore, the originally established line of inquiry may be refined by exploring in detail the relationship between the negotiation and implementation of shared objectives and partnership learning.

Such a research objective will require a strong focus on collaborative experience and the detailed analysis of specific events perceived by partnering organisations as turning points in their collaborative history. The literature indicates that social and operational networking, and engagement at the individual and organisational levels are likely to play a part in partnership goal negotiation and learning. However, the detailed dynamics of such learning processes remain under-researched in the field of economic development.

Although the organisational learning literature is rooted in work published in the 1960s and the 1970s, it witnessed a revival of interest from a range of management

disciplines, but also in fields such as public policy and economic development. Many of the concepts developed early in the literature have been 'rediscovered' and at times re-named, but the issues have by and large remained the same.

Some of these concepts are highly relevant to this study. This is the case of the notion of single and double loop learning, the first indicating surface learning that takes place within existing organisational norms, values and mental models; the second indicating, by contrast, deep level learning that can not only alter existing norms and values and mental models but also enable the emergence of new ones. Likewise, organisational theories of action, with, in particular, espoused theories (which refer to the rationales organisations claim drive their actions) and theories in use (which are the tacit but real driving forces behind organisational action) are concepts extremely relevant to the analysis of partnership objective formulation and learning. They shall therefore be incorporated in the investigation of relationships between partnership learning and the formulation and implementation of partnership objectives.

However, in order to enable that level of analysis of partnership learning, specific aspects of that learning process need to be addressed. Organisational learning processes appear to be triggered by crises or tensions, which lead to levels of stress that can only be overcome with learning and change. A review of the more recent crisis management literature suggests that such crises can be operational in nature or can be value crises. In both cases, the sustainability of the partnership can be at risk should organisational learning fail. The partnership learning spiral draws on the above ideas and builds on the accepted cyclical nature of learning in order to represent partnership learning. This inductive tool suggests that the interaction of conceptual and operational learning could lead to the emergence of partnership mental models and theories of action. It also suggests that operational and conceptual learning could be triggered by value and operational crises.

Because the development of the partnership learning spiral was inductive and considering the limited empirical testing it has been subjected to so far, the partnership learning spiral will need to be tested along with its constituting elements, in the course of this study. In particular the significance of value and operational crises as triggers of learning will need to be established and the robustness of the partnership learning spiral as a means of representing partnership learning will need to be evaluated.

In addition, given the line of inquiry that emerged from the review the literature and the questions associated with the applicability of the partnership learning spiral, the research questions that will drive this study are:

R1: Are value and operational crises components of partnership learning?

R2: What are the relationships between partnership learning and the negotiation and implementation of partnership objectives?

3 Investigating Collaborative Activity

3. 1 Introduction

This research is conducted using a case study format following the interpretive traditions of social sciences. This chapter outlines the epistemological foundations that underpin such methodological choices and details how the research was conducted in practice, discussing the benefits and possible limitations of these choices.

3. 2 Epistemological Foundations of this Study

3.2.1 A Focus on Situated Activity

Argyris and Schön describe their approach to the analysis of organisational learning as Deweyan inquiry (1996; 1978). Inspired by the early 20th century philosopher's work, they state that inquiry must combine reasoning and action. Therefore, "the Deweyan inquirer is not a spectator but an actor who stands within a situation of action, seeking actively to change it" (Argyris & Schön, 1996 pp. 31). They further highlight that the interactions that exist between researchers and the situations they investigate are dynamic and inherently open-ended. Indeed, "as inquirers seek to resolve what is problematic about a situation of action, they bring new problematic features into being" (Argyris & Schön, 1996 pp. 31). These views have come to be closely associated with action research. Today action research is seen as a "strategy for addressing research issues with local people" (Lewis-Beck, Bryman, & Futing Liao, 2004 pp. 4). Therefore, action research involves collaboration, mutual education, and action for change.

Argyris and Schön's preference for action research is closely linked to their focus on organisational learning, but also to their desire to produce knowledge that is of use to practitioners. They recognize that practitioners are themselves inquirers. As researchers, they are committed to collaborate with them thereby providing

alternative perspectives, which may enhance the scope for effective organisational learning (Argyris & Schön, 1996).

Although for access reasons that are detailed later in this chapter, an action research perspective was not possible in this study, the principles that underpin Argyris and Schön's desire to unravel explicit as well as tacit aspects of organisational learning are fundamental to this particular research project. Indeed Argyris and Schön highlight how important it is to determine the rationales that shape organisational action, whatever their nature:

> "The researchers should try to discover what practitioners already know how to do and to learn to appreciate the inquiry in which practitioners are already engaged, including the questions they know how to ask and the knowing-in-action they may take for granted and be unable to describe. These researchers should join with practitioners to help discover the hidden rationalities that are often build into everyday organisational practice, the productive forms of pattern causality of which practitioners themselves are often unaware" (Argyris & Schön, 1996 pp. 43).

The above has two significant implications for this study. First it becomes apparent that the identification of causal relationships is a condition for appreciating the elements that underpin organisational learning. Second it is necessary to focus analysis on organisational action as the unit of analysis.

Argyris and Schön's perspective on causality diverges strongly from the meaning the concept has come to assume in a statistical sense. They highlight that in normal science the notion of causality centres on the idea of variable, "a named attribute extracted from the complexity of observed phenomena which is treated as essentially the same in whatever local context it occurs" (Argyris & Schön, 1996 pp. 38). The researcher's aim

is to formulate causal propositions or 'general laws' that govern the interaction between variables investigated. Mitchell (2000) follows a similar rationale and refers to 'statistical inference'. He links statistical inference to the generalisation of 'laws' from samples to the wider population from which these samples are drawn. He suggests "statistical inference is the process by which the analyst draws conclusions about the existence of two or more characteristics in some wider population from some sample of that population to which the observer has access" (Mitchell, 2000 pp. 176).

The above authors agree that causality in their work assumes a different meaning, one which has fundamentally distinct epistemological roots and which calls for qualitative rather than quantitative or purely positivist inquiry. Mitchell (2000) refers to causal or logical inference, whereas Argyris and Schön introduce the notion of 'design causality', all of which can be linked to Hammersley et al' s (2000) view of causality in case studies, Yin's (2003b; 1994) views on 'analytic generalisation' and Stake's (1995) view that qualitative research centres on cases or phenomena whilst seeking to identify anticipated as well as unexpected relationships.

Mitchell argues that analysis and inference in qualitative case studies can only be causal and logical, not statistical. He suggests, "extrapolability from any one case study to like situations in general is based only on logical inference" (Mitchell, 2000 pp. 177). Argyris and Schön's view 'design causality' as " the causal relation that connects an actor's intention to the action he or she designs in order to realise that intention" (Argyris & Schön, 1996 pp. 39). Hence, their perspective complements that of Mitchell (2000). However, they emphasise two elements that further justify the search for design causality. As suggested earlier, they remind us that focussing on unravelling organisational actors' intent can indeed enable the researcher to unveil the tacit and explicit aspects of organisational learning. But they also strongly argue that

practitioners, themselves, rely on design causality when reflecting and drawing lessons from their experience. Therefore, they suggest that research that investigates design causality is more likely to echo practitioners' own sense-making processes and is therefore more likely to have a positive impact when attempting to foster change in organisational learning systems.

One can infer from the above that statistical and positivist forms of inquiry would not be suitable for this research. All these could achieve is to establish relationships between sets of variables. This in itself can prove a significant contribution to the literature as numerous studies have demonstrated (Simonin, 1997; Kraatz, 1998; Jassawalla & Sashittal, 1999). However, such an approach is unlikely to unravel the tacit drivers that underpin organisational action. In particular, organisational theories in use, that are so significant in organisational learning, would fail to show up in studies designed following a positivist epistemology. This may be why equally (if not more) significant and influential studies have opted for qualitative research methodologies, and have deliberately sought to stay close the organisational actors. This is relevant for many of the pioneering studies in organisational learning, including Cangelosi and Dill (1965), Argyris (1976), Argyris and Schön (1978), Miles and Snow et al (1978). More recently, researchers have opted for qualitative forms of inquiry when investigating organisational learning, included Senge (1990a), Pardo et al (2001), Miner et al (2001). The logical implication of the above is that studies seeking to establish design causality need to be conducted at the level of situated activity. This is because when investigating organisational learning, the unit of analysis is organisational action. For Layder, analysis at the level of situated activity centres on "emergent meanings, understanding and definitions of the situation as these affect and are affected by contexts and settings [...] and subjective dispositions of individuals" (Layder, 1993 pp. 72). By contrast to micro-level analyses, which centre on the self (self-identity and

individuals' social experience), or macro-level analyses that tend to focus on the collective and institutional aspects of society (and are therefore quantitative). Research at the level of situated activity moves towards an exploration of the dynamics of the interaction.

These authors' arguments make a case for the use of qualitative research conducted at the level of situated activity when investigating partnering dynamics and partnership learning. Partnering is about interaction, coordination; it is a dynamic phenomenon, so it calls for qualitative inquiry following Stake's rationale. According to Layder's perspective, the unit of analysis is clearly situated activity, where the issue researched is the dynamics of the interaction itself. Layder characterises further the type of research questions that are likely to be associated with such investigation:

> "Who is doing what, to whom, in this episode or strip of interaction? How are these things being achieved? Answers to these questions entail concentrating on the collective intentions and objectives of the participants (that is, as an interacting group rather than separately motivated individuals) and the forms of manipulation, persuasion and control that are being used" (Layder, 1993 pp. 88).

The above is highly applicable to this study given that one of the research questions precisely aims to determine the relationships that exist between partnership learning and the negotiation and implementation of partnership objectives. But in order to fully address this question, it is important to take into account two aspects of situated activity that may call for specific investigation methods. Firstly, Layder points out " the contribution of individuals concerned is such that each instance of similar activity will bear the unique imprint of the particular configuration of people involved" (Layder, 1993 pp. 84). Secondly, Layder argues that the nature of the setting will also

dramatically shape the dynamic interaction that takes place amongst actors.

The implication of these two characteristics of situated activity is that each partnership setting, each set of interactions and instances of learning need to be treated as unique. And indeed the literature review presented in earlier chapters has shown that, in France, there can be wide discrepancies between partnerships operating in the context of the same national enterprise development initiative. Therefore, one needs to consider each partnership as a unique entity. This in turn calls for a case study design. Hammersley et al's (2000) analysis supports this view in that they clearly establish linkages between the case study method and the search for causal relationships of the kind outlined by Argyris and Schön (1996). They suggest that the theoretical value of case studies is derived precisely from case studies' suitability to uncover causal processes linking inputs and outputs within a system (Hammersley et al., 2000). This perspective is also consistent with Yin's view of case study, which he defines as "an inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin, 2003b pp. 13).

To conclude, the investigation of organisational learning processes, whether tacit or explicit, requires this study to unravel relationships between practitioners' intent, organisational action and its outcomes. Such relationships can be analysed in terms of design causality (as opposed to statistical causality). This in turn requires the researcher to remain close to the situations being investigated and calls for the analysis of rich qualitative data.

Therefore, the unit of analysis must be organisational action and the level of analysis has to be situated activity. Given the unique characteristics the each partnering situation brings to the study, it is proposed that partnership learning is investigated within

each partnership considered as a case study. Analysis at the level of situated activity has been shown to be particularly suitable when attempting to address research questions that centre on organisational actors collective intentions and objectives set in the context of dynamic interactions. This further strengthens the case for analysis at this level given that one the research questions of this study aims to unravel the relationships that exist between partnership learning and the negotiation and implementation of partnership objectives.

To summarise, a case study approach, which focuses on the identification of causal relationships and relies on the analysis of primarily qualitative data appears to be a logical way to proceed given the focus of this research project.

3.2.2 An Interpretive Research Approach

Despite the sometimes entrenched positions that can be found in the research methodology literature, it is widely accepted that deduction and induction, as analytic rationales associated with quantitative and qualitative research methods, are two ends of the same continuum (Lincoln & Guba, 1985; Stake, 1995; Layder, 1993). For example, Stake (1995) agues that the distinction between qualitative and quantitative approaches is a matter of emphasis, as they are mixtures. According to him "in each ethnographic or naturalistic or phenomenological or hermeneutic or holistic study (i.e. in each qualitative study), enumeration and recognition of differences in amount have prominent places. And in each statistical survey and controlled experiment (i.e. in each quantitative study), natural language description and researcher interpretation are important" (Stake, 1995pp. 36).

Such 'difference in emphasis' is generally related with researchers' varying degrees of

concern with theory generation as opposed to theory testing, and their reliance on inductive as opposed to deductive analytic strategies (Lincoln & Guba, 1985; Layder, 1993). Theory testing is sometimes referred to as 'verificatory inquiry'. For Lincoln and Guba, "verificatory inquiry attempts to verify or falsify propositions or hypotheses that have been arrived at elsewhere, while generative inquiry attempts to discover constructs using the data themselves as the point of departure" (Lincoln & Guba, 1985 pp. 334). Overall, interpretive research tends to focus on theory generation and relies on inductive forms of inquiry more than it would on deductive approaches. This is because interpretive approaches involve an "emphatic understanding of, or access to common sense knowledge of the investigated form of social life" (Seidel & Kelle, 1995 pp. 55). Its point of departure and anchor are, therefore, empirical data rather than pre-established theories.

Epistemological choices in research are as much guided by a researcher's own values about knowledge creation as they are connected with/to the nature of the topic under investigation, and the type of questions that drive the inquiry (Coffey & Atkinson, 1996; Shipman, 1988; Travers, 2001). This study belongs to interpretive research traditions and, therefore, is close to the generative/inductive end of the research spectrum. But as indicated in previous chapters, the researcher also incorporates in the study significant conceptual developments that have characterised the organisational learning literature in order to determine the extent to which they apply to the particular partnerships being analysed. Because of this, this study incorporates positivist elements of theory testing, illustrating clearly that boundaries between analytic rationales overlap within interpretive traditions (Travers, 2001; Lincoln & Guba, 1985).

The rationale for a generative element in this study stems from its focus on situated activity, discussed earlier. It is also driven by the researcher's personal commitment

to detailed, and in depth analysis when investigating a problem. This is close to Seidel and Kelle's (1995) desire to develop an 'emphatic' understanding' when conducting empirical research. Stake (1995) builds on this perspective. He posits, in particular, that qualitative research is about developing understanding of a phenomenon. Attention must be given to the context in which the phenomenon took place. The feelings, arguments, ideas (etc.) of those involved are also taken into account. Therefore, the qualitative researcher should pay attention to emic issues[11]; show empathy; focus on respondent intentionality. In other words, he or she should appreciate all forms of interactions. For him the inclusion of emic concerns leads qualitative/ interpretive researchers to incorporate within their studies "the concerns and values recognized in the behaviour and language of the people being studied" (Stake, 1995 pp. 42). This in turn can lead to the emergence of rich narratives, characterised by 'thick description', which according to him "is not complexities objectively described" but "is the particular perceptions of the actors" (Stake, 1995 pp. 42). The above are consistent with Shipman's view of interpretive inquiry as he suggests that it focuses 'on social processes and the meanings given to them by participants" (Shipman, 1988 pp. 38). This is also consistent with Argyris and Schön's (1996) call for unravelling practitioners' own understanding of their own learning process.

By and large these views apply to this study and are common within the different schools of thought belonging to the interpretive tradition. Their shared central concern is to address meaning (Travers, 2001). This is the case for grounded theory (Glaser & Strauss, 1999); phenomenology (Schutz, 1967); naturalistic inquiry (Lincoln & Guba, 1985), ethnography (Spradley, 1979). It must be recognised at this point that although there are strong similarities within the interpretive traditions, they differ on significant dimensions too. Furthermore, the schools of thought mentioned above cover by no

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[11] Emic issues are "issues of the actors, the people who belong to the case" (Stake, 1995 pp.20)

means the large variety of approaches that falls under the interpretive umbrella. In fact, attempts to map the interpretive/qualitative research landscape have yielded different results.

For example, Wolcott (1992) used the drawing of a tree and its branches to metaphorically illustrate 25 strands in qualitative methods stemming from five broad strategies: archival strategies, non-participant strategies, participant observation, field studies and interview strategies. Tesch (1990), on the other hand, focuses his taxonomy on research purpose. His computer-generated tree presents three substantive questions driving inquiry. These are respectively focused on the characteristics of language; the discovery of regularities in human experience; and the comprehension of the meaning of text and action. He identifies in total some 27 types of qualitative research. It is already apparent that these two authors use similar as well as different labels for what could be called mini-paradigms in qualitative research. Other taxonomies exist; among them is that of Jacob (1987) who identifies five major qualitative research traditions (ecological psychology, holistic ethnography; ethnography of communication; and symbolic interactionism) while Orosz (1992) focuses on three main approaches in qualitative inquiry (positivistic, interpretivist and post-modern / critical theory led qualitative research, each of which can be subdivided into mini-paradigms). But as Miles and Hubermann suggest, "as comprehensive and clarifying as these catalogs and taxonomies may be, they turn out to be basically incommensurate, both in the way the different qualitative strands are defined and in the criteria used to distinguish them. The mind boggles in trying to get from one to the other." (Miles & Huberman, 1994 pp. 5)

For the remainder of this argument, therefore, the focus will be on identifying the features that apply to this study and trace when, or which schools of thought - within the interpretive tradition - have emphasised these features.

As indicated earlier, the desire to unravel social processes and the commitment to provide their description whilst incorporating in these accounts participants' perspectives, are connected to the researcher's own epistemological beliefs. However, the topic under investigation itself can call for generative research and inductive analytic rationales as argued by Coffey and Atkinson (1996), Shipman (1988) or Travers (2001) for instance.

This study's primary focus is partnership learning. The literature review has shown that partnering and organisational learning are rich and dynamic social processes. Learning, in particular, is closely related to lived experience. It relies largely on individuals' subjective assessment of an experience, which can lead to behavioural adjustments (Kolb, 1976; Kim, 1993), or error correction as suggested by Argyris and Schön (1978). The investigation of partnership learning hence requires a focus on the ways in which actors perceive their experience and act upon it. This, in turn, pushes the case for an interpretive inductive approach.

The positivist tendencies of this inherently interpretive piece of work are explained by the nature of the subject too. Organisational learning as a topic has become a fairly prominent research topic in organisational studies since the mid 1960s; therefore, conceptual and theoretical developments are numerous. Contributions by scholars like Argyris and Schön (1978) are considered to be embedded within the literature. In particular, distinctions between single and double loop learning, and organisational theories in use and espoused are not only accepted; they have been fairly extensively researched in corporate contexts (Shrivastava, 1983; March, Sproul, & Tamuz, 1991; Senge, 1990a; Argyris, 2001) or in the context of education (Simonin, 1997; Argyris & Schön, 1978) and non-governmental organisations (Argyris & Schön, 1978). By

contrast they have very rarely shaped research in the public sector field, and even less in the specific context of public-private partnerships. Instances where organisational learning is explored within a public sector context would include the work of British Scholars Rashman and Hartley (2002) and Sanderson et al (2001), and American researchers Pardo et al (2001). This suggests that there is a gap in the literature and there is scope to test some of the concepts and theories in the public sector and specifically in public private partnerships settings. Therefore, a verificatory angle to this research project is also needed. The research question that aims to determine whether value and operational crises are components of partnership learning mirrors a deductive analytical approach, which intends to determine how existing concepts and theories apply to the partnership settings being investigated.

Furthermore, the ideas behind organisational theories of action (in use or espoused), themselves suggest that participants' perceptions of their learning experiences as well as their rationalisation of these events tend to be incomplete. Argyris and Schön (1978) indicate that whilst participants may use a particular rationale to explain their actions or motivations (espoused theories), the actual drivers that guide their behaviour and decisions may be very different and may remain tacit (theories in use). This in turn suggests that researchers investigating organisational learning need to progressively distance themselves from participants' narratives, and therefore move from the inductive/subjective towards the more deductive/objective dimensions of interpretive research.

Such a process is seen as a cornerstone of the phenomenological school of thought within the interpretive research tradition. The 1967 translation of the 1932 seminal piece by Alfred Schutz set the foundations of the phenomenological school of thought in sociology. Like other interpretive schools of thought, the primary aim of the

phenomenological researcher is to unravel the process of meaning establishment. Whilst reviewing Weber's work, Schutz argues that interpretive research must be rigorous and scientific. He further postulates that the researchers' ultimate aim must be to present in an objective manner what is inherently subjective. Indeed, he suggests, "all social sciences are objective meaning-contexts of subjective meaning contexts" (Schutz, 1967 pp. 241). Interpretation is the process that underpins the shift from the subjective to the objective, and according to Schutz this process relies on the researcher's progressive construction of objective ideal types of participants' subjective experiences. He details the steps involved as follows:

> "In the process of ideal-typical construction, subjective meaning contexts that can be directly experienced are successively replaced by a series of objective meaning contexts. These are constructed gradually, each one upon its predecessor, and they interpenetrate one another in Chinese-box fashion, so that it is difficult to say where one leaves off and the other begins. However it is precisely this process of construction which makes it possible for the social scientist, or indeed for any observer, to understand what the actor means; for it is this process alone which gives a dimension of objectivity to his meaning. Of course, this process of constitution can only be disclosed to the interpreter by means of his own typifying method. What he will thus come to know is only a conceptual model, not a real person" (Schutz, 1967 pp. 241-242).

The need to draw out of participants' behaviour objective and conceptual understanding is of foremost importance given this study's aim to explore the extent to which elements of organisational learning theory apply to economic development partnerships. For some interpretive researchers this indicates a positivist bias. The positivist bias of this study is acknowledged and deemed necessary as argued above. It is however not unusual or groundbreaking within the interpretive research tradition.

Positivism and interpretivism tend generally to be contrasted at the epistemological level with distinctions drawn between positivism, interpretivism, realism and post structuralism (Travers, 2001; Layder, 1993). However, as shown by Travers (2001), Layder (1993) and Lincoln and Guba (1985), positivist inclinations are clearly present within interpretive schools of thought. Lincoln and Guba (1985) illustrate this by contrasting their naturalistic paradigm with grounded theory, which for them involves a strong positivist bias because of its emphasis on establishing causal linkages and its aim to derive grounded but also generalisable theories.

To summarise, this study follows the basic principles of the interpretive research tradition. Because of its focus on partnership learning, which requires that attention be paid to participants' perception of their own lived experience, it uses an inductive approach and aims to provide rich narratives of that experience. However, the need to establish the relevance of well developed concepts in the field of organisational learning to the specific context of economic development partnerships also calls for a deductive analytic approach. The second research question, which aims to determine whether value and operational crises are components of partnership learning, follows such a deductive analytic rationale.

3. 3 A Case Study Research Method

3.3.1 Choice of Initiative and Access

In the early stages of this study, the researcher's knowledge of specific economic development initiatives in France was limited. Past research on partnering dynamics and partnership learning had been conducted in the United Kingdom and focused on

economic development policies, including the Business Link initiative (Martin & Öztel, 1996; Hutchinson, Foley, & Öztel, 1996; Öztel, 1997; Öztel, 1998b; Öztel & Martin, 1998).

The decision to analyse a French initiative was originally driven by a desire to generate data that could be compared to findings obtained in the British context, and was facilitated by the researcher being bilingual. Therefore, in July 1997 and with assistance from the supervisors of this study, an initial set of contacts were established in the United Kingdom with scholars who had been involved in previous comparative studies. This led to a first set of visits and interviews in August 1997 followed by another in January 1998. They involved meetings with civil servants at ministerial level, academics involved in economic development research and non-governmental organisations managers involved in supporting the SME sector (See appendix 2 for details). These interviews were conducted in order to explore the range of governmental initiatives in enterprise development that specifically relied on partnering arrangements. Work was primarily exploratory, the focus was on gathering as much secondary data as possible, and establishing links with French practitioners, whose knowledge was essential in providing the information required for selecting a national initiative suitable for this study.

The selection criteria for determining which initiative ought to be investigated was that it should:

1. Be national
2. Rely on partnering
3. Be in the field of economic development
4. Focus on business support
5. Preferably offer a generic set of business services.

6. Be well established

The outcome of the ten interviews and visits that took place in August 1997 and January 1998 was the identification of two different initiatives that could be suitable for this research project from an initial pool of four policies. These initiatives were the RDE/RDI (Réseau de Développement Economique or Réseau de Développement Industriel) which has come to be known as the 'Réseaux Développeurs" and the RDT (Réseau de Diffusion Technologique) initiatives.

Neither of these initiatives, however, met all six criteria outlined above, although they both met five of them. For instance, the Réseau de Développeurs initiative was indeed national, did require partnering at local levels, was a government sponsored initiative that was designed to support SMEs by giving them access to a range of generalist business support services. However, it was fairly recent and most importantly undergoing significant changes that were driven nationally. In particular, it was felt by interviewees that the political manoeuvring and power struggles that were rife at that point in time might overshadow other partnering issues of interest to this study. In the case of the RDT initiative, again all the criteria were met, but one. This initiative did not provide a generalist set of services for SMEs; instead, it focused on technology transfer assistance. By contrast the 'Réseaux Développeurs' however, the RDT initiative was well established nationwide and had a long history. This was felt to be more significant than the type of assistance provided given the study's focus on partnership learning, and therefore the need for local partnership to have significant experience they could draw and reflect upon. Furthermore, it was evident from the interviews conducted with senior civil servants involved in the design and implementation of both initiatives, that a focus on the RDT would be welcomed and

supported. The decision was made therefore to focus the inquiry on the French RDT initiative.

The contact in January with the national manager of the RDT initiative enabled four significant developments. First the study was endorsed. Second, a comprehensive list of all regional RDT partnerships was obtained, with contact details for the managers of these partnerships. Third the researcher was invited to attend the forthcoming National Conference of RDT partnerships due to take place on the 23rd of October 1998. Finally, the researcher was able to discuss the varying characteristics of local partnerships and identify a first case study, which was agreed to be the Réseau Nord Pas de Calais Technologie. Whilst in attendance of the 1998 National Conference, the researcher engaged further with partnership managers, established contacts, selected the second case study and secured access.

The process described above has similarities with that which was adopted by Burgess as outlined in Shipman (1988). Although one speaks of sampling when discussing the selection of the specific cases that will be studied, the purposive nature of the process used to identify a suitable initiative from which cases could be drawn bears resemblance with the steps followed by Burgess:

> "In purposive sampling the researcher does the picking. A typical but very well documented case is in the study of Bishop McGregor School by Burgess (1984). In 1984, Burgess found no ethnographic studies of comprehensive schools, the government had just announced that the leaving age was to be raised, and he was looking for a PhD topic. Burgess gets down to reading, meeting education officials and attends available meetings of teachers. At one meeting he is approached by a man who asks 'Who are you and where do you come from?' Not put off by the reply that he is speaking to a researcher at

the University of Warwick, the stranger introduces himself as running Bishop McGregor Comprehensive School, gives Burgess his telephone number and asks him to visit if he would like to look round" (Shipman, 1988 pp. 56).

The partnership case selection criteria are further detailed in the next section.

3.3.2 Case Selection: Purposive Sampling

Purposive sampling in qualitative inquiry is defined as "the deliberate seeking out of participants with particular characteristics" (Morse, 2004). Patton (2002) identifies nine different forms of purposive sampling, including extreme or deviant case, intensity sampling, maximum variation sampling, homogeneous sampling, typical case sampling, critical case sampling, snowball sampling, criterion sampling and theoretical sampling.

Given the need for in-depth analysis, to satisfactorily explore partnership learning processes, it was felt that only two case studies could be included in this study which has to comply with the usual length restrictions imposed upon PhD dissertations. Therefore, to maximise the relevance of the findings from these two case studies, it was important to look to patterns and consistencies in partnership learning across these two cases in circumstances that were significantly different. This justified the choice of maximum variation or polar sampling. 'Maximum variation sampling' intends to 'document unique or diverse variations that have emerged in adapting to different conditions' and aims to 'identify important common patterns that cut across variations (cut through the noise of variation)' according to Patton (2002 pp. 243).

The choice of this approach was guided by the finding in the literature that the 'geometry' of economic development partnerships varies very significantly even when they form part of the same national initiative and have to comply with a set of

guidelines for their operation. This certainly appeared to be the case for the French RDT initiative at the centre of this particular research project (RIDT Senior Manager, 1998; ANVAR, Secrétariat d'Etat à l'Industrie, & Ministère de L'Education Nationale de la Recherche et de la Technologie, 1999; Ministère de l'Education nationale de la Recherche et de la Technologie, 1989). The hope was that the findings derived could lead to conceptual developments that might be relevant to other partnerships, and enable sense-making for partnering organisations even though they may belong to entirely different initiatives. The dimensions used to maximise variation between Présence Rhône-Alpes and Réseau Nord Pas de Calais Technologie included the following:

- Operations: partnership members' ability to prescribe customers their own services (auto-prescription). This was possible in the case of Réseau Nord Pas de Calais Technologie, which of all RDTs has the second highest level of auto-prescription at 91%. By contrast it is strictly forbidden in Présence Rhône-Alpes where that same rate stands at 0% (see appendix 8).
- Control: sources of authority for the partnership manager (entirely non-hierarchical or contractually imposed with service level agreements). Of all the 22 RDT partnerships only two used service levels agreements (at the time partnerships were selected). One of these was Présence Rhône-Alpes. All the other partnerships relied on the voluntary engagement of partnership members. Partnership managers had no hierarchical, or other forms of control over activity levels of individual business counsellors.
- Performance: national policy makers' views of the success of the partnership (unsuccessful and struggling, or exemplar and influencing national policy making). During the exploratory interviews conducted in the summer of 1997 and winter of 1998, it was clear that Réseau Nord Pas de Calais Technologie was considered to be a partnership, which was struggling, and where partner conflicts were rife. It was recognised, however, that its structure and operations were largely consistent

with the majority of RDT partnerships, and in line with national guidelines. By contrast, Réseau Nord Pas de Calais Technologie was portrayed as extremely innovative, and unique in the way it managed its operations. The choices that this partnership had made appeared to be at odds with the great majority of RDTs, yet its overall operations were considered by governmental policy makers to be very successful.

3.3.3 Data Collection Strategies

Data collection strategies were determined by three elements affecting this study. These were the suitability of the strategies chosen for interpretive case study research; the data requirement in the light of the research questions formulated, and the level of access secured within each of the case partnerships.

Marshall and Rossman (1995) distinguish between primary and supplemental data collection techniques in interpretive research. Primary methods include participation, observation, in depth interviewing and the review of documents. Supplemental methods incorporate, for example, narratives, life histories, films, videos and photographs, kinesics[12], etc... According to Yin (2003b; 1994) case studies may combine a range of data collection methods, although each will tend to have specific strengths and weaknesses. Yin breaks down Marshall and Rossman's primary data collection methods into six categories and outlines their benefits and limitations. These are outlined in table 3.1.

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[12] Kinesics is the study of body movements contributing to communication (Ehrlich, Berg-Flexner, Carruth, & Hawkins, 1980).

Table 3-1 Six sources of evidence: strengths and weaknesses (Yin, 2003)

Source of evidence	Strengths	Weaknesses
Documentation	- Stable: can be retrieved repeatedly - Unobtrusive: not created as a result of the case study - Exact- contains exact names, references, and details of an event - Broad coverage: long span of time, many events and many settings	- Retrievability: can be low - Biased selectivity if collection is incomplete - Reporting bias: reflect (unknown) bias of the author - Access: may be deliberately blocked
Archival records	- Same as above for documentation - Precise and quantitative	- Same as the above for documentation - Accessibility due to privacy
Interviews	- Targeted: focused directly on case study topics - Insightful: provides perceived causal inferences	- Bias due to poorly constructed questions - Response bias - Inaccuracies due to poor recall - Reflexivity: interviewee gives what interviewer wants to hear
Direct Observations	- Reality: covers events in real time - Contextual: covers context of event	- Time consuming - Selectivity, unless broad coverage - Reflexivity: event may proceed differently because it is being observed - Cost: hours needed by human observer
Participant Observations	- Same as above for direct observation - Insightful into interpersonal behavior and motives	- Same as above for direct observation - Bias due to investigator's manipulation of events
Physical Artefacts	- Insightful into cultural features - Insightful into technical operations	- Selectivity - Availability

The need to investigate particular events and appreciate actors' personal perspectives on their experience indicates that interviews and participant observations would be the most suitable means of investigating partnership learning. The use of documentary and archival sources would give access to factual data and provide a degree of precision that may not be as strong were the researcher to rely entirely on interviewee recollections.

The level of access secured in both partnerships, however, only provided limited scope for participant observation. Overall, at the time the inquiry was being conducted, both partnerships were involved or had just been involved with consultancy projects that had brought into the partnerships external agents already interacting, and collaborating

with key partnership players. The researcher did have endorsement at national level but had not had sufficient time to socialise and secure a degree of trust from partnership managers that would enable them to allow her access to key meetings, such as partnership board meetings. She therefore decided not to pursue this option and instead focus on a level of collaboration that would be acceptable to partnership managers. It was clear that they felt comfortable supporting an interview based approach and were happy to provide access to documentary sources, including evaluation studies, partnership business plans, counsellor training materials, policy guidelines etc... In the case of Présence Rhône-Alpes the researcher was also invited to attend and contribute to a two-day training event designed for business counsellors.

The implication of the above is that documentary sources and interviews became core sources of data for the case studies, as is often the case, as indicated by Yin (2003b). Although it was clear that this approach was largely a function of practical access reasons, it was felt that the methods chosen were highly suitable to the investigation of the research questions outlined in the literature review. Indeed the focused nature of interviews and the researcher's ability to explore, through this method, perceived causal inferences, meant that some of the key methodological concerns about causality in the investigation of partnership learning could be addressed. Further details on the implementation of this data collection strategy are outlined in the next sections.

3.3.3.1 Documentary and Archival Data

The researcher started to collect documentary sources in the early stages of the study in order to build a complete picture of the RDT initiative. Key documents shaping the policy were obtained from national coordinators of the initiative. These complemented the historical data that was obtained through open-ended semi-structured interviews at

the exploratory stage of the research. These documents included original discussion papers on technology transfer policies, policy launch documents outlining the basic principles of the initiative, yearly national reports of RDTs activities and ministerial review documents. Specific, and significant documents such as counsellors' ethical codes of conduct, counsellor-training materials were also obtained.

Other documentary sources were obtained that were more specifically relevant to each of the partnerships investigated. For example, partnership statutes, evaluation studies conducted by external consultants, partnership business plans were all made available to the researcher.

Overall documentary and archival data were extremely significant because of the general lack of published research papers on the RDT initiative. The researcher was able to retain copies of these documents for review and analysis. They were the primary sources used in order to give an account of the RDT policy presented in chapter 4.

3.3.3.2 Interviews

Interviews were semi-structured and open ended. A mind-map was used as the interview protocol (See Appendix 4). It included a set of key themes that were seen as significant in the review of the partnership literature and were focused on respondents' view of their partnering experience. The issue of partnership learning or concepts, such as single or double loop learning and organisational theories of action were deliberately avoided, to minimise the issue of reflexivity outlined in table 3.1. Indeed, quality analysis of partnership learning processes was highly dependent on capturing rich accounts of participants views on their experience, their description of decision making processes or other operational issues. Therefore, the focus was on participants'

activities, their views, and their reflections, expressed using their own terminologies. The research outline provided to participants prior to their interview did give a good indication of the topics that were going to be covered, while at the same time remaining broad enough to enable participants to emphasise what they thought were the most significant partnership experiences.

The interviewing strategy deliberately relied on a simple mind-map as a skeleton to support the exchange. In the mind-map themes are represented by single words, allowing maximum flexibility in the way questions were asked. Indeed, terminology used by the informant would be re-used in the questioning; clarifications about the meanings informants associated with particular words could be sought. The mind-map structure (as opposed to a numbered list of themes or questions to be covered) also had the benefit of allowing informants and interviewer alike to jump from one topic to the other, without necessarily reflecting or following the rationale initially used in building the sequence of discussion topics, but most importantly allowing respondents to follow freely their trail of thought. Such an approach opens up opportunities for the emergence of associations and causal connections that might not have been surfaced had an informant or the interviewer followed a pre-established rationale of inquiry and an explanation building strategy.

However the risk of deviation and collection of data that are barely comparable is significant with this type of approach. This was overcome largely thanks to the mind-map structure of the interview schedule. Mind-maps allow the interviewer to minimize this risk because of the inherent benefits of mind-mapping. The one-page, visual representation of interview topics enables the interviewer to spot very easily, and in the course of the interview, points that need discussing that may have been overlooked consciously, or unconsciously during the exchange. Whilst interviews were being

tape recorded, the interviewer was also taking notes in a mind-map format, further enhancing the ability to identify gaps in responses, or topics that may have been easily missed had a linear note taking strategy been adopted.

As indicated above, the interviews have all been tape recorded with the interviewees consent. It was agreed with them that the data this way recorded would be kept confidential and the nature of that confidentiality was agreed with them prior to the interviews taking place. Before their meeting, all interviewees were given the following indication regarding confidentiality:

> "Interview transcripts are solely designed to safeguard the accuracy of data. They will be used to conduct the analysis and outside the researcher, they can be seen in their entirety by the interviewees alone. Quotes from transcribed interview data can be included in the final PhD document and associated academic publications. They will not be attributed to a named individual. In sensitive cases, partnership identity may also be disguised" (Öztel, 1998a pp. 2).

A full list of interviews carried out for both case studies is provided in appendix 3. Excluding the first 10 visits and interviews that were conducted to determine which national initiative would be analysed, the researcher conducted an additional 25 interviews in Lille and Lyon. These generally lasted between sixty and ninety minutes. In the case of Lyon, that is the Présence Rhône-Alpes partnership, this represented a total of 14 interviews. Fully transcribed, these interviews added up to 214 pages of data (that is 87,534 words). In the case of Lille, that is Réseau Nord Pas de Calais Technologie, there were 11 interviews, of which 9 were fully transcribed and represented a total of 160 pages of transcribed materials (that is just under 58,000 words).

3.3.4 Data Analysis: The Role of CAQDAS

This section focuses on the use of CAQDAS (Computer Assisted Qualitative Data Analysis Software) because this was the data analysis strategy used in this study. While there is a broad consensus on the type of research tasks that can be supported by CAQDAS, writers tend to disagree on significant methodological issues. These include questions on the impact of CAQDAS on epistemological assumptions underpinning research. The origins of CAQDAS are discussed first, then categorisation strategies are outlined and the process by which theoretical development can be supported by CAQDAS is outlined.

The use of computers in social sciences is by no means new. Textual data handling software, such as *The Inquirer*, designed for quantitative content analysis, were released in the late 1960s (Kelle, 1995b). However debates on CAQDAS emerged in the 1980s and proliferated in the 1990s as qualitative researchers became increasingly attracted to the possibilities offered by increasing numbers of software packages capable of accommodating varied research traditions (Buston, 1997; Coffey & Atkinson, 1996; Kelle, 1995a). There is significant convergence in the way CAQDAS is characterised. Researchers tend to primarily focus on the functions it fulfils, which revolve around different data coding and retrieval techniques used for content analysis. Hypertext is the technical platform most software packages rely upon. It has made possible the automation of these tasks, seen as the most tedious in qualitative analysis (Araujo, 1995; Dey, 1995; Prein, Kelle, Richards, & Richards, 1995; Richards & Richards, 1995). They have traditionally been conducted manually, relying on the use of cards, colour, scissors and glue i.e. any device imaginable that facilitated the coverage of large amounts of unstructured or semi-structured qualitative material (Prein et al., 1995). However the amount of floor space available to any researcher, and the timeframe within which given

research projects need to be completed soon become significant limiting factors affecting not only the project size, but also depth and reliability of the analysis (Kelle & Laurie, 1995). CAQDAS offers speed of data retrieval, enables researchers to conduct varied types of searches, it allows them to identify in the data generic themes, as well as connections between these themes (Richards, 1999). Through ongoing monitoring and recording of the research process, CAQDAS enhances transparency in qualitative research (Kelle & Laurie, 1995). As software packages become more versatile, so does researchers' enthusiasm for, and actual use of CAQDAS (Buston, 1997; Cannon, 1998).

Data coding and retrieval support three methodological processes: indexing, thematic coding and theorising (Cannon, 1998; Prein et al., 1995; Richards & Richards, 1995; Seidel & Kelle, 1995). A seemingly simple process, coding attracts diverging and sometimes conflicting views.

Richards (1995:85) identifies two categories for organising qualitative data. These are factual and referential:

> 'Referential category structures are those whose categories are intended to hold textual data references to the topic of the category. This contrasts with factual category structures, whose categories refer not to the content of the text, but to attributes of the text: who said it, when, facts about the speaker, etc.'

Seidel and Kelle (1995) use the distinctions made by Richards and Richards (1995) when they extrapolate to types of codes. For them 'a code can denote a text passage containing specific information in order to allow its retrieval' (Seidel and Kelle, 1995 pp. 52) in which case they refer to the process of coding as 'indexing'. It 'can also serve to *denote a fact*' (Seidel and Kelle, 1995 pp. 52) in which case they propose to refer to it as 'coding as summarising'. Following this rationale, the researcher may

associate with an interview transcript a set of codes that include details about the interviewee, their organisation and their level of responsibility. Such information is not directly reflecting the informant's recorded words. It mirrors what we know about them. Having 'indexed' all documents in this way, the researcher can, for instance, then retrieve data on the views of all chamber of commerce chief executives on a given issue. The process described above reflects 'coding as indexing' and its key benefit.

'Coding as summarising' entirely focuses on what informants say. If a statement is made on the origins of the partnership at stake, then this statement may be coded as 'partnership history'. Likewise, if a statement sheds light on the speaker's position on trust in partnership, this can be coded 'trust'.

While Seidel and Kelle's basic distinction between the two types of coding is straight forward, confusion may arise because some qualitative researchers tend to refer to the building of referential categories for their data (in Seidel and Kelle's terms, 'coding as summarising') as 'indexing the data' (Cannon, 1998; Coffey & Atkinson, 1996). For the purpose of this research, it is proposed that we use indexing to build factual categories containing general information about the interview (e.g. respondents name, role and organisation).

Indexing is a short process quite distinct from coding designed to enable the analysis of interview content. The creation of referential categories (Richards & Richards, 1995) is similar to thematic coding as proposed by Buston (1997), and mirrors Kelle's (1997) 'coding as summarising'. In this research project, and for simplification purposes, this process will be called thematic coding. Approaches to thematic coding vary amongst authors, depending primarily on the epistemological assumptions they hold. For example, Coffey and Atkinson (1996) suggest that researchers should start coding

by staying close to respondents own taxonomies. By contrast, Dey argues, "Categories must be 'grounded' conceptually and empirically. That means they must relate to an appropriate analytic context, and be rooted in relevant empirical material" (1995 pp. 96). These two authors clearly champion different analytic strategies. Whilst Coffey and Atkinson's approach would be highly consistent with inductive analysis, Dey places significant emphasis on verificatory inquiry designed to determine the relevance of extant theories and conceptual developments.

The discussion, so far, highlighted the different ways in which scholars approach thematic coding, whether they use manual techniques or CAQDAS. This clearly indicates that technology itself does not shape the analytical process; instead, the researcher's epistemological assumptions inform how that technology is used. This point is supported by a range of scholar reflecting and publishing on the epistemological implications of using CAQDAS (1995; 1995; Seidel & Kelle, 1995; Prein et al., 1995). Differences between scholars are particularly strong when they debate the prospect of deriving theories from qualitative data analysis that relies on the coding strategies outlined above. For example, Buston (1997) remains sceptical of the claims made by some software developers that these packages can support theorising. By contrast, Cannon (1998) is comfortable with the idea that software packages can effectively support the interpretive process and enable theory development. Prein Kelle *et al.* (1995) provide a useful synopsis of the ways in which computer software can be used in such a way.

According to them, qualitative theorising results from three basic processes:

1. Establishing linkages between memos and text, and memos and codes
2. Establishing linkages between codes
3. Establishing linkages between different text segments

Glaser and Strauss (1967) first emphasised the importance of writing memos in qualitative research. When researchers are confronted with a very large amount of data they may fall into the 'coding trap', that is they lock themselves in coding the data at the expense of recording their ideas and their interpretation (Glaser & Strauss, 1999). Memos may directly relate to a particular section in a transcript. For instance, having read a statement on tense relationships between two partners, the researcher may write a memo highlighting that congruent statements were made in another transcript, and were further related to personality clashes between two individuals. From an analytical point of view this memo will not only support triangulation, it may also lead to the emergence of 'socialisation and personal relationships' as a theme in the research project. Memos may also be written on a code that was used to retrieve data about a theme underpinning the study. For example, having developed an overview of data coded for 'partnership management', the researcher could start to reflect on potential patterns emerging and flag them up for further reflection and analysis (e.g. irrespective of the partnership considered, there seems to be a high level of turnover of partnership managers, why?). In a software package like N'Vivo 1.3, memos are easily created, they can be coded themselves and analysed much in the same way as transcripts. As a result the synthesis of ideas is facilitated, and overall the interpretation of data is made easier and very transparent.

The above illustrated what was meant by the 'establishment of links between memos and text, as well as links between memos and codes'. Identifying linkages between codes is the other technique that supports theorising according to Prein Kelle *et al.* (1995). Linkage here, could take two forms. On the one hand, the researcher could group together a set of codes and create an overarching category. The *subsumption* of a range of codes into one more general code supports theoretical *generalisation*, akin to what Yin (2003b; 1994) labelled analytic generalisation. Prein Kelle *et al* argue that

"'generalisation represents a bottom up strategy: descriptive codes are combined and integrated to construct analytic categories" (1995 pp. 64)

From the above, one can infer that thematic coding can either focus on description (descriptive code), in which case it will enable the construction of rich and triangulated accounts of particular events within the cases studied. Thematic coding can also support conceptualisation and theory building as it increasingly moves towards summarising interview data by subsuming groups of codes into overarching categories that aid interpretation.

According to Prein Kelle *et al* (1995), the researcher could subdivide one code into more refined subcategories, in which case theoretical *dimensionalisation* is facilitated. Indeed, "dimensionalisation is a top down strategy of theory building in which properties or dimensions of categories are specified" (Prein et al., 1995 pp. 64).

The option to move towards dimetionalisation or subsumption suggested by Prein Kelle *et al* (1995) is consistent with Dey's (1995) recommendation to code data by using 'middle order categories'. He suggests that "the most flexible approach [to coding qualitative data] is to develop 'middle order categories' which draw some broad preliminary distinctions within the data [...] Once the data has been organised into broad categories, the analysis can move in either direction, towards more refined distinctions through sub-categorisation or towards a more integrated approach by linking and integrating the 'middle order' categories" (Dey, 1995 pp. 104)

Whatever the theoretical outcome desired, the re-organisation of codes in a coding frame is made simpler and only takes seconds when using N'Vivo 1.3. Very importantly, changes made to the coding frame automatically update the way all transcripts have been coded, saving significant amounts of time when compared to manual techniques.

The establishment of connections between different text segments is a different and sometimes necessary process, which can also be mechanised. Linking text segments with each other may be necessary when respondents tend to diverge from the subject. For instance, if asked a question on the origins of a partnership, the informant may give a lot of very valuable historical information, while deviating significantly at times. In this case the researcher may 'jump' from one relevant text segment to the other and code them all 'partnership origin'. By retrieving all the segments that have been coded in that way, the researcher effectively cuts out all unnecessary information. Chronological sequence of events can be reconstructed.

In summary, the above focused on what computer assisted qualitative data analysis offers. The main argument is that CAQDAS merely automates methodological processes (including data coding and retrieval) that would otherwise be carried out manually. Of these methodological processes, data coding is the one that attracts most debate and controversy. On the basis of the review conducted above, it is proposed that the practical tasks of data coding and retrieval are associated to three interconnected and, sometimes, overlapping methodological processes: indexing, thematic coding and theorising. In the next section, the epistemological issues that are associated with CAQDAS will be addressed.

3. 4 Implications and Limitations of Methodological Choices

The reliance on qualitative and interpretive research in public administration research has been a constant source of debate, particularly in the US where positivist and interpretivist camps appear to be strongly entrenched and critical of one another (Adams, 1992; Brewer et al., 1999; Timney Bailey, 1992; White, 1986b; White,

1986a; Cleary, 1992). But Orosz (1992) like Timney Bailey (1992) emphasise that these sometimes partisan debates obscure the most significant issues. They argue that in the case of interpretive research, rigour should really be central to these discussions. Scholars who discussed the contribution of interpretive research more generally than in the specific field of public administration, tend to express similar views. For example, Stake (1995) and Lincoln and Guba (1985) also emphasise the need to develop and implement clear procedures that ensure that qualitative inquiry is robust. Such robustness is derived from the reliability and validity of inquiry, its replicability and trustworthiness and its scope for generalisation. Each of these issues is discussed in the sections that follow.

3.4.1 Validity and Reliability

Construct validity is an important element of case study research. It is about "establishing correct operational measures for the concepts being studied" according to Yin (1994 pp. 34). Concepts from the organisational learning literature are well established and have been extensively researched; therefore the operationalisation of their investigation in this study largely replicates approaches adopted in past research. For instance, it is well accepted that organisational learning can be evidenced by shared mental models and organisational routines (Kim, 1993). These in turn will be sought in the analysis of transcribed interviews as the researcher aims to identify respondents assumptions, the causal relationships they make between events and decisions, the routines that progressively have become embedded in the partnership as a result of past experience.

However, construct validity is in itself not sufficient. The researcher needs to be able to demonstrate that the interpretation she or he makes of data is reliable in itself. For Yin,

reliability is about "demonstrating that the operations of a study – such as data collection procedures – can be repeated, with the same result" (1994 pp. 34). This in turn requires triangulation. As Shipman (1988) indicates in his review of the different forms of triangulation originally discussed by Denzin, the over-arching aim is to use different strategies, so that data can be crosschecked and interpretation deemed reliable. Whilst triangulation can take different forms, including theory triangulation, data source triangulation, investigator triangulation and methodological triangulation, data source triangulation appeared to be the most suitable approach in this study.

Theory triangulation aims to find out whether researchers from different epistemological backgrounds come to the same conclusions whilst investigator triangulation intends to determine whether two or more observers make the same interpretation of the same occurrence. Both theoretical and investigator triangulation assume team based research, which is not consistent with the needs of a PhD dissertation. Methodological triangulation aims to determine whether different data collection methods lead to the same concepts. As discussed in previous sections, data collection methods were determined by the research questions and the level of access that could be obtained in both case study partnerships. Interviewing and documentary sources were therefore heavily relied upon. However these two forms of data collection methods did not cover the same issues and did not have the same focus, therefore restricting the possibility for methodological triangulation.

Therefore, the only remaining option for ensuring reliable interpretation in this study is data source triangulation. Data source triangulation is about checking that an interpretation can be drawn from different sources of data, and is therefore worthy of inclusion in the analysis. Stake (1995) argues that the meaning we attribute to observations may need to be refined as additional observations encourage us to revise our original interpretations. Implicit in this suggestion is the need for data source

triangulation. This can take two forms. Firstly, one can seek to multiply the number of sources referring to the same event, in order to determine whether the researcher's interpretation of that event mirrors closely that of several practitioners who have experienced it. Secondly, one can aim to check if an observation repeats itself in different circumstances. Given that this study's focus was on partnership learning – which required a strong focus on past events, and decisions- the approach adopted was to determine whether multiple practitioners' descriptions of factual elements associated with an event converged sufficiently that a fair account of that event could be provided by the researcher. To illustrate this process, an extract from the memo "Présence Rhône-Alpes goals" is included in the figure 3.1.

Figure 3-1 Illustration of data source triangulation during memo writing

1 - Focus on demand: Separation between service prescription and service provision:

Although partnership members clearly identified the co-existence of the service prescription and service provision activities in the partnership as a source of conflict of interested for member organisation, they were able to resolve this tension only recently, with the formal change of membership and activity areas. This occurred with the signature of amended partnership status, in the summer of 1998. For the gang of four, whose strategic role in the region stretches beyond the RDT, other tasks emerged following this decision. They now need to focus efforts on the creation of a partnership of the supply side, whose role will centre on the need to facilitate and enhance the transfer of public sector research.

(B11FR080499) Donc on est partit de ce RDT qui était à l'image de ce que nationalement on avait pensé, pour progressivement le spécialiser, mais c'est à l'épreuve du temps aussi, que ça s'est fait, le spécialiser sur la prospection et puis sur les petites entreprises. Et puis l'aboutissement je dirais formelle de cette réflexion et de ce long cheminement a été donc l'année dernière, en 1998, ou en fait on a décide tous de changer les statuts de Présence Rhône-Alpes qui est l'association support du RDT (de mémoire juin ou juillet 1998).

(B3FR31O399) L'autre changement , l'autre modification essentielle par rapport à la création initiale, c'est qu'au départ le réseau comportait à la fois des prestataires et des prescripteurs dans l'élite. Mais nous nous sommes rendus compte au fil des années qu'on ne pouvait pas satisfaire et les uns et les autres. Donc nous avons, l'année dernière, fait opérer l'avancée significative en disant le réseau Présence Rhône Alpes c'est le réseau des prescripteurs.

(B10FR080499) L'intérêt qu'on a, c'est de faire en sorte que l'association de Présence Rhône-Alpes donc soit un support pour les prescripteurs. Le centrage sur les prescripteurs, c'est un peu l'orientation sur lequel on est complètement en phase avec les collègues de la région, du DRRT, de l'Anvar, centré sur les prescripteurs et la professionnalisation de ces prescripteurs.

In the discussion of CAQDAS, the importance of memoing was emphasised. It is a powerful means capturing analysis and interpretation and is facilitated by the use of computer software. Figure 3.1 illustrates how, during memo writing, extracts from different respondents' interviews are brought together and used to interpret events and changes that have affected the partnership's focus. In this instance, the different transcript reference numbers (B11FR080499 for example) indicate that comments from three different respondents were relied upon. N'Vivo's capabilities are such that these extracts not only enable data source triangulation, but they also ensure that they are never read out of context. Indeed the symbol that appears in the memo is a hyperlink that allows the reader to revert back to each full transcript and read the quotation in the context of the entire interview should this be necessary.

Therefore, even when synthesising ideas or presenting summaries the researcher is always very close to primary data ensuring that the interpretive process is as close to respondents intended meanings as possible.

3.4.2 Replicability and Trustworthiness

Biased interpretation has always been a significant risk associated with interpretive research and has also been one of the most common criticism of this approach by positivist scholars (Adams, 1992; Brewer et al., 1999). However with a reliance on increasingly detailed procedures designed to safeguard the quality of interpretive research, the potential for bias can be dramatically reduced (Lincoln & Guba, 1985). A key method designed to enhance the replicability of a study and its trustworthiness is the development of an audit trail. Indeed Lincoln and Guba (1985) argue, "the audit is a major trustworthiness technique, but auditability depends on the keeping of records in such a way [...] that an auditor can later connect assertions in the report with the raw

data on which they are presumably based." Documenting the interpretive process with memo writing, contributes significantly to rendering it transparent as argued by Glaser and Strauss (1999). Figure 3.1 illustrated how this was implemented in this study. Replicability and trustworthiness are however further enhanced because data coding and interpretation are digitally captured and available for supervisors and examiners when using CAQDAS. In such cases, they can explore coded documents, follow the researcher's analytical process, and determine how this influenced ongoing coding and how new ideas; concepts, and theories emerged over time.

To summarise, data collection methods used in this study are not unusual: documentary sources and interviews as part of a set of case studies. However the work differs from traditional approaches to public sector research because of its data analysis strategy. Indeed the latter aims to extensively document the interpretive process through Computer Assisted Qualitative Data Analysis (CAQDAS). CAQDAS is by no means a miraculous recipe, but it does offer the opportunity to make the interpretive process more transparent and enhances the scope for replicability. Because it relies on the interpretation of all data gathered, it restricts the scope for biased interpretation, and increases the potential for trustworthy and reliable conclusions.

3.4.3 Generalisability

In interpretive research the issue of generalisability divides scholars (Gomm, Hammersley, & Foster, 2000). Whilst some well established researchers will argue that when conducting case studies 'the only generalization is: there is no generalization" (Lincoln & Guba, 2000), others will call for generalisation and even argue that case studies' contribution to the literature is a function of their potential for generalisation (Yin, 2003a; Yin, 2003b; Ward Schofield, 2000). Proponents of generalisation through

case study, however, clearly indicate that commonly accepted statistical generalisation methods are not suitable in the context of case study research:

> "A fatal flaw in doing case studies is to conceive of statistical generalisation as the method of generalizing the results of the case. This is because cases are not 'sampling units' and should not be chosen for this reason. Rather, individual case studies are to be selected as a laboratory investigator selects the topic of a new experiment. [...]. Under these circumstances, the method of generalization is 'analytic generalization', in which a previously developed theory is used as a template with which to compare the empirical results of the case study." (Yin, 1994 pp. 31)

Timney Bailey's (1992) call for generalisation is consistent with the above. This author emphasises that case study findings can lead to generalisability because of the contribution they make in terms of conceptual development or thanks to the practical sense making that they enable (allowing what the author labels 'transferability'). Both of these objectives aim to be achieved in this study. Specifically it aims to rely on analytic generalisation by establishing, through empirical investigations, the extent to which organisational learning theories apply to economic development partnerships.

3. 5 Conclusion

The research questions that were formulated in the previous chapter and the overall focus of this study on partnership learning require the study to be conducted at the level of situated activity. As a result an interpretive research strategy based on the analysis of two case studies has been adopted. Qualitative data collections strategies, including interviewing and the gathering of documentary sources were selected.

Whilst the underpinning principles behind this study are consistent with established methods developed for interpretive research strategies, data analysis, with its reliance on Computer Assisted Qualitative Data Analysis (CAQDAS), can be considered as one of the unusual aspects of this study. This choice was underpinned by the desire to make the analytical process transparent, and therefore enhance the scope for replicability. Consistent and comprehensive coding as well as the extensive use of memos are designed to ensure that the study's findings are reliable and trustworthy. Overall there is a desire to achieve analytical generalisation and contribute to the debates that centre on partnerships' learning capabilities.

4 The National Réseau de Diffusion Technologique (RDT) Initiative

4. 1 Introduction

The aim of this chapter is to provide readers with an overview of the French Réseau de Diffusion Technologique (RDT) Initiative. Two case studies of regional partnerships within the initiative will be explored in more detail in the next two chapters, but to make sense of some of these partnerships' strategic decisions, they need to be analysed against the background of national policy.

The first section of this chapter analyses the historical development of the initiative. In the following section the rationale and objectives of the initiative and the way they have evolved over time are discussed. A section that focuses specifically on operational dynamics then follows. The last section of the chapter is an evaluation of the initiative's outcomes at the national level.

4. 2 Historical Development of the RDT National Initiative

The Réseau de Diffusion Technologique (RDT) initiative was launched in 1989 at the initiative of Hubert Curien, minister for Research and Technology. A key priority of the government at the time was to boost levels of industrial research and innovation, seen fundamental for local economic development:

> "It is imperative for the government to address the current deficit in industrial research. [...]
>
> A range of initiatives has flourished throughout this decade at local and national levels, sometimes led by single institutions or managed in partnership. They are designed to promote the adoption of pro-active technological strategies by small and medium sized enterprises (SME). They also aim to maximise the benefit managers can get from the existing array of external technological resource and expertise providers.
>
> Following the speech on technology policy by Mr Curien during the Cabinet meeting on the 14th of December 1988, the government decided to

> reinforce its efforts towards the promotion of technology transfer to SMEs. [...]
>
> The purpose is to establish a technology transfer network[13] [RDT] that builds upon existing initiatives and launches new projects targeted to SMEs. The venture will consist of regional RDTs interconnected through an interregional RDT[14] [RIDT]." (Ministère de l'Education nationale de la Recherche et de la Technologie, 1989)

Since the 1980s support for innovation had become a corner stone of French economic development policies. Numerous initiatives, including local and national projects, had flourished in regions, in particular in the context of the 8th and 9th series of negotiations for government-region planning contracts[15]. Chief among these new initiatives were the creation of the 'Centres Régional d'Innovation et de Transfer de Technologie' (CRITTs) and the deployment of Technological Counsellors by the Délégués Régionaux à la Recherche et à la Technologie (DRRT). There was therefore a need to coordinate all activities that were available. RDTs were seen as means of achieving that.

In 1990 RDTs were piloted in four regions: Lorraine, Bretagne, Rhône Alpes and Limousin. Their main purpose was to facilitate technology transfer to SMEs by enhancing these companies' access to exiting services and by delivering new tailored services focused on their needs. RDTs had to pool (at the regional level) all existing technology and innovations initiatives. Local players had explicit mandates to get involved in the project. Nonetheless, the government stated that it remained flexible and open to operational solutions and agreements resulting from local consensus. Pilot

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[13] For the remainder of the text these technology transfer networks will be referred to by their French label: Réseau de Diffusion Technologique (RDT).

[14] The interregional RDT will be referred to by its French label: Réseau Interregional de Diffusion Technologique (RIDT).

[15] These 'government-region' planning contracts (in French, 'Contrats de Plan Etat-Région) are a set of measures periodically agreed between each French region and the government. They establish the economic and social policy priorities for the region and set out associated budgets (Lescot & Sinou, 2000).

regions were selected according to the presence (or not) of early partnership experiences and according to their size:

> "In order to test the validity of this approach, four pilots were selected. The ministries were very rational in this selection process. So, they selected two large regions and two small ones. In each of these groups, one region would have a partnering history, while the other would not". (RIDT Senior Manager, 1998)

The overall outcomes of RDTs were judged positive in pilot regions. As a consequence, it was decided that the initiative should be extended to remaining regions:

> "In 1991, there was an evaluation study. It showed that, well, results varied depending on regions. In some instances, the RDT was set up more rapidly than in others, but overall the initiative was judged worthwhile. The study also identified three critical success factors for future partnerships. It was shown that the partnership manager needed to have the profile of a facilitator, the need for an explicit agreement and involvement from the regional council was also emphasised -to ensure the Region has the same public commitment to partnering, and to make sure that it would not be tempted to create its own parallel partnership. The third point was about the selection of the partnership chair. It was recommended that the chair should be a high profile individual in the region and preferably with an industry background..." (RIDT Senior Manager, 1998)

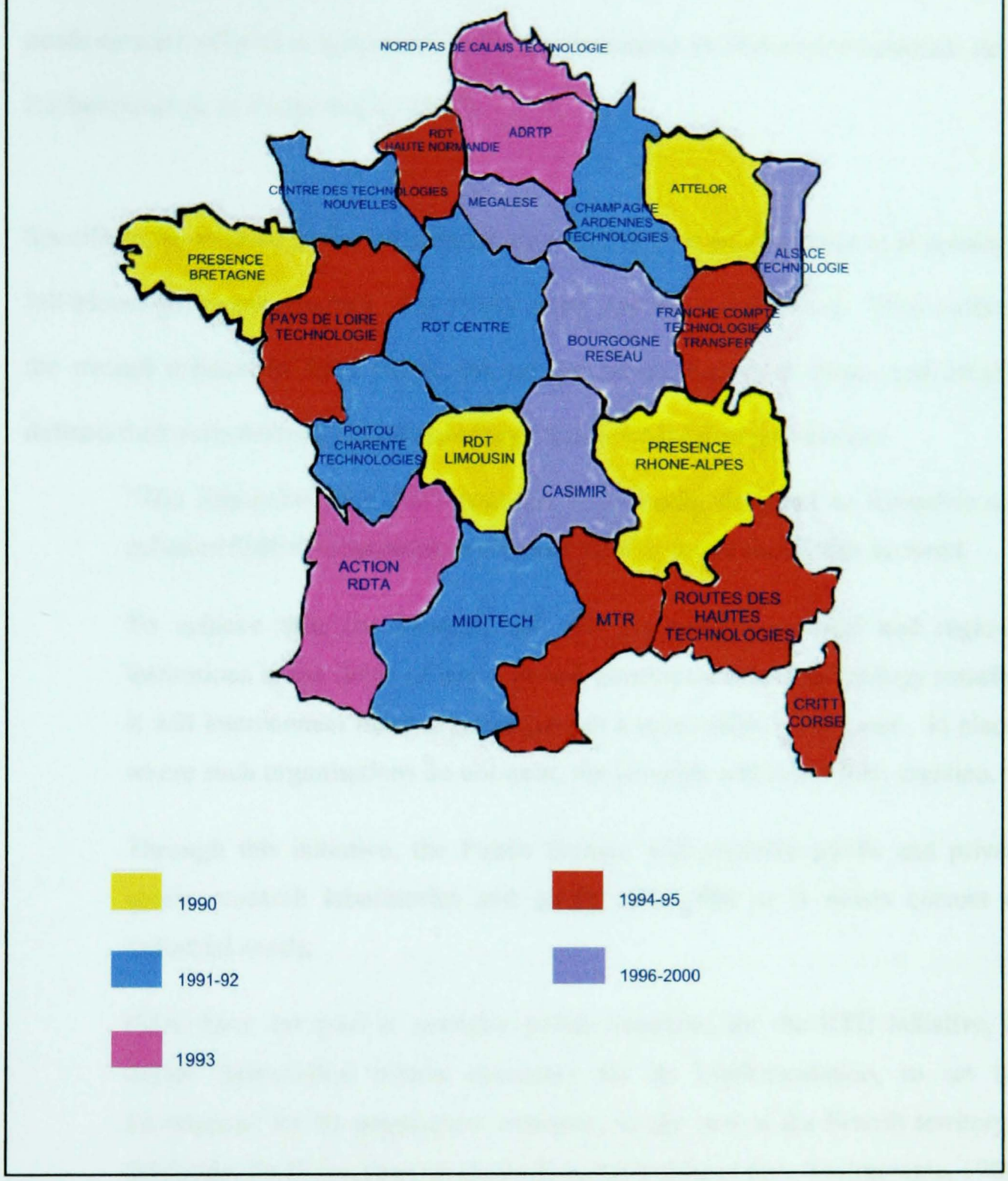
By 1994 twelve RDTs were established (Réseau Interregional de Diffusion Technologique, 1998). All RDTs created since 1991 had the explicit support from their Region but their financial commitment came later when in 1994 regions were formally invited to contribute to RDTs funding. Overall funding levels were agreed in the round of negotiations for government - region planning contracts for 1994-1998. This led to local changes in the statutes of RDTs, indeed in some cases, entirely new non-profit organisations had to be created to form the support structure for the local RDT.

Further the mission of RDTs was redefined reflecting regions' involvement. This led to the dissemination of a new prospectus outlining the role of RDTs.

By 1996, the overall number of RDTs reached 18 (as indicated in figure 4.1). With the creation of RDTs in Alsace, Auvergne, and Bourgogne in 1997 and 1998, and in 1999 in Ile de France twenty-two French regions were covered, representing France's entire continental territory, as illustrated in figure 4.1. (Réseau Interregional de Diffusion Technologique, 1999). Preparations were well under way for the four remaining overseas regions.

The establishment of the RDT network was therefore a slow process, which spanned over 10 years. The overall rationale for the initiative during this period remained the same but experimentation across regions and regular central government reviews led to significant changes in goals and objectives.

Figure 4-1 Geographical and historical RDT development



4. 3 Rationale and Objectives

RDTs focus on the transfer of medium and low technologies. The rationale for these activities is threefold: firstly, technological know-how is a key foundation of product and process improvement. Therefore it contributes business competitiveness.

Secondly, SMEs suffer from barriers to the development of their technological competence. Thirdly, prior to the creation of RDTs, most public support was based on the provision of 'off-the-shelf' products that did not necessarily correspond to SME needs or were offered in uncoordinated ways (Ministère de l'Education nationale de la Recherche et de la Technologie, 1989).

Specific goals evolved as the initiative progressed from the piloting stage to becoming a full-blown government policy. For pilots, goals remained very broad. They outlined the overall mission of RDT pilots, set out the scene, identified actors and broadly defined their roles leaving nonetheless much space for local improvisation:

> "The formation of a RDT network is primarily designed to formalise and enhance SMEs' technological demand, then to better satisfy this demand.
>
> To achieve this, the network will rely on existing national and regional institutions in the fields of research and development and technology transfer. It will interconnect these organisations in a more effective manner. In places where such organisations do not exist, the network will foster their creation.
>
> Through this initiative, the Public Service will promote public and private sector research laboratories and guide their offer so it meets current of industrial needs.
>
> Pilots have for goal to generate policy templates for the RTD initiative, to define intervention means necessary for its implementation, to set the foundations for its progressive extension to the rest of the French territory." (Ministère de l'Education nationale de la Recherche et de la Technologie, 1989)

The pilots and subsequent 6 RDTs, set up between 1989 and 1994, followed these broad guidelines and not surprisingly contributed to the emergence of a range of contrasting local practices and arrangements, in particular in terms of organisational status (CM International, 1994).

In 1994 a national review of the initiative was conducted (CM International, 1994) and a new set of government guidelines were issued in 1995 (Ministère de l'Education nationale de la Recherche et de la Technologie, 1995). The national review outlined two fundamentally different kinds of goals that since became part of RDTs remit:

> "Help SMEs to specify their technological needs, and where appropriate, signpost them on an ad-hoc basis to the most appropriate service provider. The ultimate goal here is to organise a systematic canvassing of SMEs generally not aware of, or rarely using, external technology competences centres.
>
> Enhance overall supply side efficiency, by encouraging collaboration and exchange between various institutions engaged in technology transfer." (CM International, 1994)

These two overarching goals were broken down into more specific guidelines in the prospectus that the government issued for established and future RDTs:

> "By gathering public sector organisations and regional public-private organisations, the RDT network's mission is to offer enterprises an homogeneous group of interfaces designed to identify and satisfy technological needs of the greatest number of enterprises, chief of which SMEs, in order to ease access to the most relevant competencies, to satisfy these firms needs and enable them to incorporate a technological dimension in their strategies.

To fulfil this mission, RDTs' objectives primarily relate **to direct business support** – the support, in particular, of enterprises little accustomed to technological partnership – These include the following.

- Formalise and enhance technological demand and associated needs, through canvassing and awareness raising
- Help companies find the most appropriate competency centres, whether public or private, and the most suitable services to satisfy their needs
- Coach companies that so desire in the development of their technologies
- Ease access to public services

- Support more generic awareness raising initiatives to sensitise SMEs to technological challenges and opportunities.

As a corollary, RDTs will provide support to existing technology transfer support providers in order to:

- Favour and stimulate collaborative exchanges between public and mixed sector regional actors, through networking

- Extend their scientific and technological support to the national level, even European level, through active involvement in the inter-regional network of RDTs [RIDT]

- Co-ordinate canvassing of industrial and (SMEs, 'artisanales' enterprises[16])

- Enhance the overall professionalism of counsellors

RDTs will also provide support in the implementation of economic development policies in order to:

- Become a federating relay for the implementation of regional technology dissemination policies

- Enhance the coherence of the national technology transfer systems through inter-regional co-ordination

- Manage the allocation of technology transfer grants [Prestation Technologie Réseau –PTR]. This form of financial support to businesses is made available by Anvar to the RDT, which then manages the application process." (Ministère de l'Education nationale de la Recherche et de la Technologie, 1995 Emphasis as in original).

This detailed set of objectives was defined centrally following the national review, and currently form the foundation of the RDT initiative. In the 1999 Activity Report of

[16] 'Enterprises artisanales' is a label covering enterprises with a specific legal status in France. Artisanales enterprises are generally very small businesses covering all sorts of trade, however they may have more than one employee. This is the main difference with the British 'self employed' status.

RDTs, a joint declaration from the ministries involved (Education and Industry), and Anvar re-affirmed the main axes of this intervention (ANVAR et al., 1999).

In conclusion, the need to address SMEs' technological needs in order to enhance overall competitiveness of the sector has remained the driving rationale of the RDT initiative. Over time, however, goals and objectives have become more specific, and have been redefined centrally, suggesting increased levels of governmental control. Paradoxically, the need to remain flexible and foster locally sensitive solutions has also remained emphasised since the inception of the initiative.

So what kind of local partnerships emerged? What type of activities do they conduct? How are they financed? The next section focuses on RDTs operational dynamics and addresses these questions.

4. 4 The Operation of RDTs

4.4.1 Activities

RDT activities consist of three types of actions designed to increase market penetration levels; homogenise and increase service quality; and manage the process of allocating technology transfer funds (PTR). In line with service delivery objectives, a key function of RDTs is to increase SMEs' awareness and use of technology transfer services through various targeting, and canvassing strategies all aimed at increasing market penetration levels. Company visits are a fundamental aspect of this activity. Their evolution between 1996 and 2000 is illustrated in table 4.1.

Table 4-1: Number of RDT visits per region (1996-2000):

	1996	1997	1998	1999	2000
Alsace	0	46	127	291	377
Aquitaine	414	588	567	950	823
Auvergne	653	1819	1090	1506	1990
Bourgogne	75	367	377	420	415
Bretagne	1087	1162	1076	1218	1211
Centre	1054	1200	1100	0	0
Champagne-Ardenne	395	400	308	131	235
Corse	25	100	80	140	0
Franche-Comté	210	304	530	598	736
Ile-de-France	0	0	0	0	0
Languedoc-Roussillon	816	1469	1858	2378	2724
Limousin	597	252	267	306	340
Lorraine	491	643	556	591	554
Midi-Pyrénées	191	215	140	133	1277
Nord-Pas-de-Calais	928	1200	1114	1284	799
Basse-Normandie	854	822	759	816	968
Haute-Normandie	283	509	448	347	179
Pays-de-Loire	1262	1021	1068	1378	1437
Picardie	296	486	559	392	185
Poitou-Charentes	900	1100	1294	1138	1348
PACA	869	999	1788	451	265
Rhône-Alpes	1931	2070	1938	1747	2152
TOTAL	13331	16772	17044	16215	18015
RDT outlets	20	21	21	21	22
Average	667	799	812	772	819

Despite a steady increase in the total numbers of visits from 13331 in 1996 to 18015 in 2000, the average number of visits per RDT has fluctuated much less, reflecting the fact that during this period the number of RDTs itself increased.

Targeting strategies generally fit regional requirements or are focused on a priority target group of firms. For instance these may include very small businesses; SMEs acting primarily as sub-contractors in specific industries –as those in the mechanical engineering supply chain- and SMEs located in a specific geographical area in the region. In other instances targeting strategies are driven by a form of technological expertise that would be relevant to a cross-section of SMEs (Réseau Interregional de

Diffusion Technologique, 1998). With the exception of two RDTs (in Rhone Alpes and in Limousin), there is no specific financial remuneration of company visits. Indeed, a key principle behind RDTs is that of voluntary action – a more detailed explanation of how this works is included in section 2.4.4 of this chapter. For Rhône Alpes and Limousin, however, a specific 'price' is associated with the conduct of company visits. This cost is invisible to benefiting companies but reflects a transfer of funds between partners; much in the same way as service level agreements are used in the UK.

Secondly, and in accordance with the desire to co-ordinate and improve service delivery on the supply side, RDTs are very active in terms of professional development, particularly for technological advisors. In 1998, diagnostic, project management and communication were dominant training and development areas. In fact, they represented over 50% of all training and development activities (Réseau Interregional de Diffusion Technologique, 1998). Developmental programmes in specialist areas, such as, strategic management, quality and regulation, analysis of value creation processes, complemented the range of training made available to technology counsellors across RDTs. Some inter-regional training programmes were also made available that year. Involving three to five RDTs and their members, such initiatives were designed to foster experience exchange and cross-fertilisation. They made access to very specialist training possible, as these would not necessarily be viable –delegate numbers would be too low if run by one RDT in isolation of the others (Réseau Interregional de Diffusion Technologique, 1998). In 1999 a similar set of training programmes were made available, however a higher degree of formalisation could be observed as three developmental areas were recognised nationally:

- The advisor function, with a focus on diagnostic, communication, project management and mentoring

- Generic skills including areas such as marketing, finance etc.
- Specialist technical expertise (Réseau Interregional de Diffusion Technologique, 1999).

The number of training and development activities across RDTs has remained more or less constant between 1998 and 1999 –140 modules covered over 226 days - however the number of participants has nearly doubled in the same period (Réseau Interregional de Diffusion Technologique, 1999). See table 4.2 below.

Table 4-2: Number of counsellor training days delivered (1998-2000):

	1998	1999	2000
Alsace	24	0	147
Aquitaine	51	357	188
Auvergne	102	129	79.5
Bourgogne	90	504	60
Bretagne	126	122	134
Centre	54	68	90
Champagne-Ardenne	140	73	98
Corse	229	160	0
Franche-Comté	94	144	38
Ile-de-France	0	0	102
Languedoc-Roussillon	136	70	110
Limousin	124	937	66
Lorraine	183	72	107
Midi-Pyrénées	109.5	120	141
Nord-Pas-de-Calais	197	247	151
Basse-Normandie	209	1262	212
Haute-Normandie	196	310	35
Pays-de-Loire	124	97	86
Picardie	101	82	132
Poitou-Charentes	52	18	35
PACA	111	110.5	71
Rhône-Alpes	136	181	134
TOTAL	2588.5	5150.5	2216.5

The total number of training days is provided by taking into account the number of participants. For example, if and RDT provides a 2 day course to 14 delegates, the number of counsellor training days provided will be 28 days. The trends shown overall are consistent with the sharp increase in training activity in 1999. However the

figures for 2000 suggest that this growth was not sustained, training activity halved that year. Indeed the number of modules proposed in 2000 was 132 (against 140 the year before). These were delivered in 212 days (as opposed to 226 the year before) (Réseau Interregional de Diffusion Technologique, 2000).

Finally an important part of RDTs' operation is the management of the PTR, an ANVAR technology transfer grant that can only be accessed and allocated through the RDT. By contrast to many government grants, the PTR is a simple kind of support designed to prime technological development. It was capped to a maximum of 32,797 French Francs before tax in 1999 (about £3,000 or €5,000) (Réseau Interregional de Diffusion Technologique, 1999). The application process is simple (generally involving a company visit by a counsellor -who diagnoses the company's technological needs- and the completion of one side of A4). Once needs are identified and communicated to RDT managers, they tend to be processed very rapidly.

In 2000, the average value of a PTR was 31000 francs (Réseau Interregional de Diffusion Technologique, 2000). The first five regions in terms of number of PTR allocated were Rhône-Alpes (18 % of total); Nord-Pas-de-Calais (9% of the total), Provence-Alpes-Côtes-d'Azur (8.%), Midi-Pyrénées (7%) and Brittany (6.%). Table 4.3 gives an indication of the contribution of all regions to the allocation of the PTR grant. The weight of the Rhône-Alpes is particularly noticeable.

Table 4-3: Number of PTR grants per region (1996-2000):

	1996	1997	1998	1999	2000
Alsace	0	7	22	59	62
Aquitaine	125	133	105	112	79
Auvergne	3	18	41	32	34
Bourgogne	10	52	48	47	67
Bretagne	81	107	83	100	98

Centre	97	108	67	57	69
Champagne-Ardenne	45	55	36	30	33
Corse	10	19	11	12	8
Franche-Comté	38	32	39	42	46
Ile-de-France	0	0	0	0	3
Languedoc-Roussillon	37	86	87	91	85
Limousin	29	45	46	43	31
Lorraine	83	75	54	72	65
Midi-Pyrénées	124	149	118	108	107
Nord-Pas-de-Calais	93	117	99	98	135
Basse-Normandie	36	41	33	40	38
Haute-Normandie	21	44	48	44	60
Pays-de-Loire	60	75	90	75	77
Picardie	33	41	42	46	36
Poitou-Charentes	61	63	64	66	42
PACA	102	91	110	128	125
Rhône-Alpes	267	281	292	232	279
TOTAL	1355	1639	1535	1534	1579
Average per RDT	68	78	73	73	72

Table 4.4 shows that the distribution of assistance follows a very consistent pattern and focuses for over half of the support provided on companies with less than ten employees.

Table 4-4: Proportion of PTR grants by company size across France (1997-2000)

Company size:	1997	1998	1999	2000
< 10	54%	56%	55%	56%
10 to 19	17%	15%	18%	16%
20-49	19%	19%	17%	17%
> 49	11%	11%	10%	10%
Total	100%	100%	100%	100%

This above pattern is fairly consistent in all regions, although there are some discrepancies, suggesting that regional targeting strategies vary somewhat. In the case of Présence Rhône-Alpes, for instance, the level of support provided to companies with less that ten employees (61% in 2000) and that provided to companies with up to nineteen employees (18% in 2000) are consistently higher than national averages (see table 4.5).

Table 4-5: Proportion of PTR grants by company size in Rhone-Alpes (1997-2000):

Company size:	1997	1998	1999	2000
< 10	57%	61%	61%	61%
10 to 19	19%	14%	15%	18%
20-49	16%	17%	16%	14%
> 49	9%	8%	8%	7%
Total	100%	100%	100%	100%

By contrast, in Réseau Nord Pas de Calais Technologie the level of support given to companies with less than ten employees is significantly lower (45% in 2000) than the national average, while the level of support given to companies with twenty to forty nine employees is much higher than the national average (30% in 2000 as apposed to 17% at the national level).

Table 4-6: Grants by company size in Nord-Pas-de-Calais (1997-2000):

Company size:	1997	1998	1999	2000
< 10	43%	48%	44%	45%
10 to 19	17%	17%	21%	15%
20-49	26%	25%	18%	30%
> 49	14%	9%	16%	10%
	100%	100%	100%	100%

In conclusion, the key aspects of RDT operations include SME canvassing, the allocation of technology transfer grants and counsellor training and development. The financial backing of these activities and RDT governance are further explored in the next section.

4.4.2 RDT Governance and Financial Backing

Two ministries are involved in the support and policy design for RDTs, the Ministry of National Education, Research and Technology and the Ministry of Industry, Post and

Telecommunications and Foreign Trade. They jointly fund the initiative but delegated the management of the network to Anvar, a national agency for the promotion of research, and to its regional offices. As such, Anvar is responsible for the initiative's monitoring and provides funding ministries with statistical data reflecting RDTs' activities (Ministère de l'Education nationale de la Recherche et de la Technologie, 1995):

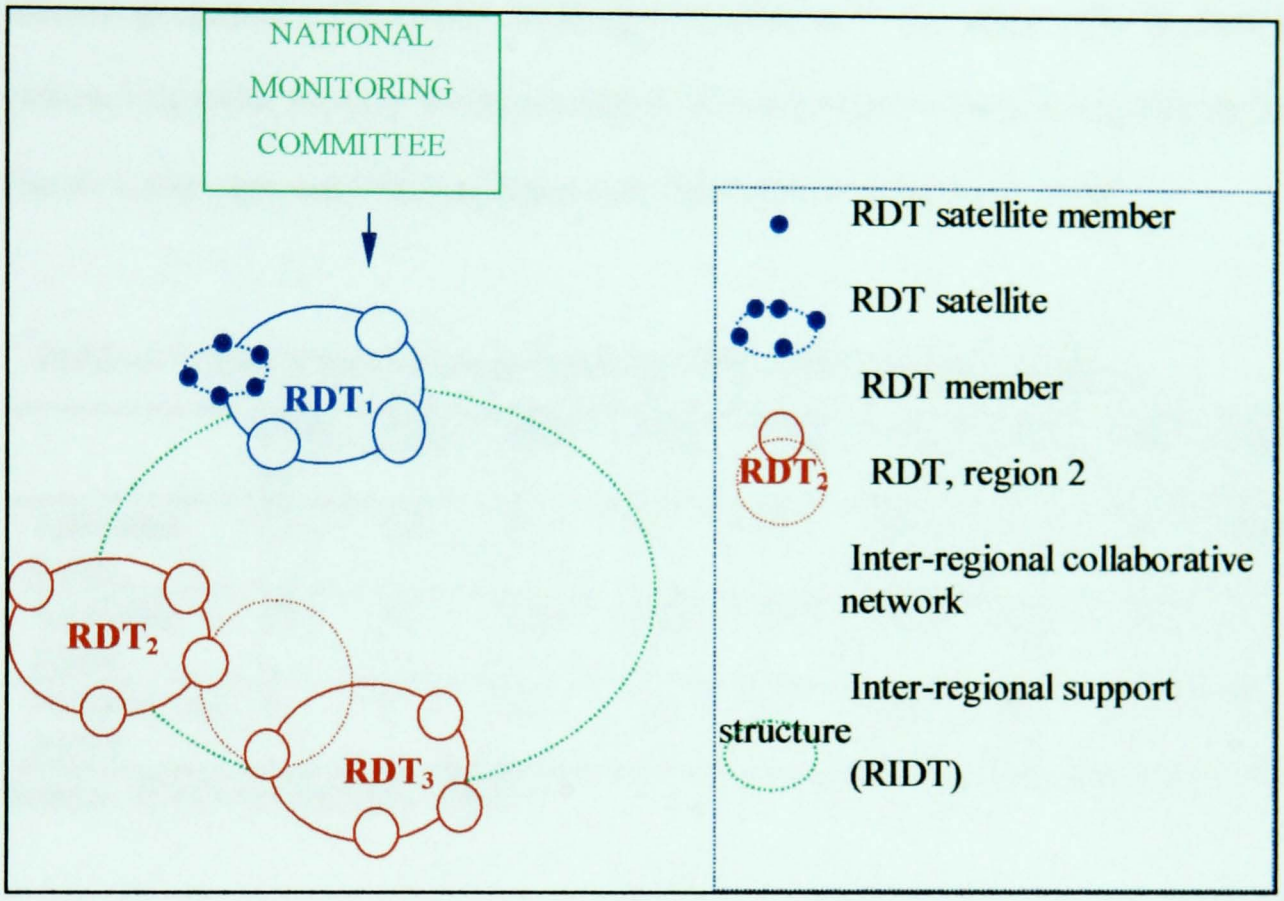
> "Since the initiative came from the Ministry of Education and research, and since the ministry wanted to get the ministry of industry associated to the project, but also wanted an organisation that was very close to SMEs, it requested that the initiative be managed by Anvar at the national level. Because Anvar is under dual control: education / research and industry. So it was an effective means of co-ordinating both ministries, it was a means of having a joint operator" (RIDT Senior Manager, 1998)

Anvar also manages inter-regional co-ordination with the RIDT, a unit formed within ANVAR and dedicated to the management and monitoring of RDTs. Coordination occurs for example via inter-regional thematic committees, national conferences, a website, a newsletter, and provides a unifying brand image. For example, since 1996, several interregional commissions have been set up in order to homogenise and set operational guidelines on topics as wide ranging as training and enhanced professionalism of technology counsellors, public relations, information technology and knowledge management. More recent working parties focussed on service quality and business needs identification. These groups vary over time and in terms of membership. However they are influential in setting national guidelines for the operation of local RDTs. Figure 4.2 illustrates how the RIDT superimposes itself over regional RDTs, forming a network of partnerships.

The three network levels are evident in the three RDTs represented in figure 4.2. These RDTs inter-act in two ways. Firstly, neighbouring RDTs (in the example, RDT_2 and

RDT_3) may collaborate by referring clients to one another. Secondly, RDTs are all members of the RIDT (Réseau Inter-régional de Diffusion Technologique (the 'inter-regional technology transfer network').

Figure 4-2: RIDT structure: a network of partnerships



Through the RIDT, RDTs share practices and experiences. By participating in RIDT committees they also decide upon thematic priorities that will be adopted across the network. The last network level illustrated in figure 4.2 corresponds to the RDT satellites. These are set up when the more than one outlet is required to ensure adequate coverage of the region. Satellites normally cover 'départements' (equivalent of counties).

Anvar /RDT agreements are drawn up every year on the basis of negotiated operational targets determining funding levels. In some regions, an RDT's overall funding base

was complemented with European structural funds until 1999. Tables 4.7 and 4.8 show that the increase in overall RDT budgets over time mirrors the rise in RDT numbers but also the inclusion of RIDT operational costs. Overall government participation declines. Despite clear trends these figures blur very wide disparities that exist between regions: for example, government funding levels reach 22% in the Lorraine region (due to income generated with service level agreements), they are about 38% in Auvergne (where European funding levels are higher than average) and in regions like the Nord Pas de Calais, government funding is over 65% (CM International, 1994).

Table 4-7 Central Government Funding: 1990-1999 (in million francs)

	1990-91	1992	1993	1994	1995	1996	1997	1998	1999
Allocated funds	15	7.5	11	11	11.3	11.5	11.3	14	16.6
Available funds	15	12	13.4	13.6	15.7	16.2	13.7	14.7	17.1
Number of RDTs	4	9	12	13	17	20	20	21	21

Source: (CM International, 1994)

Table 4-8 Total RDT budgets 1996-1998 (in million francs)

	1996	1997	1998
Total	28	28.1	30.2
Government contribution as a % of total budget	50.4	49.8	46.3

Source: (CM International, 1994)

4.4.3 Partners and Members at Regional Level

Large-scale partnership and collaboration have been emphasised since the very beginning of this initiative. However, it was clearly articulated around two distinct levels of involvement, and combined mandated and voluntary participation.

The 1989 government prospectus clearly mandated government offices in regions and government agencies (in particular Anvar) to collaborate and form the backbone of RDTs. Government offices in regions are of two kinds: each related to different ministries. These are the DRIRE[17] (the regional arm of the ministry of industry) and the DRRT[18] (the regional representation of the ministry of education and research).

The original call for partnership was very wide indeed; to some extent masking the critical role core organisations were to play (including the above mentioned DRRT, DRIRE and Anvar). In 1989 a prospectus invited Chambers of Commerce –including agencies they run - educational institutions, research centres, as well as a range of agencies (public and private) providing specialist services and advice to existing firms in the field of technology transfer and innovation:

> "Partners in this initiative may include:
>
> The regional head of the Anvar, the DRIRE, the DRRT and other governmental services represented in regions whose competencies may be relevant;
>
> Chambers of commerce, ARIST[19] (when present in the region) and the regional offices of AFNOR and of INPI[20]
>
> Universities and other higher education institutions [...]
>
> Public sector research institutions [...] technical centres;
>
> CRITT[21], technological advisors

---

[17]DRIRE stands for Directions Régionales de l'Industrie et de la Recherche. It is a regional arm of the Ministry of Industry.
[18] DRRT stands for Délégués Régionaux de la Recherche et de la Technologie. These are representatives of the Ministry of Education and Research in regions.
[19] ARIST stands for 'Agence Régionale d'Information Scientifique et Technique'. These agencies focus on the gathering and dissemination of technical and scientific information. They are generally managed by the local Chambers of Commerce.
[20] INPI stands for 'Institut National de la Propriété Industrielle'. The INPI is a support structure focused on industrial property.
[21] CRITT stands for 'Centre Régional d'Innovation et de Transfert Technologique'. CRITTs are often industry specific and are designed to provide services focused on technology transfer and innovation.

> Generally all other public and private organisations involved in technology transfer" (Ministère de l'Education nationale de la Recherche et de la Technologie, 1989)

Despite this, large call for involvement, and as indicated earlier, the DRRT, DRIRE and Anvar were clearly identified by the government as drivers of the initiative. Their partnership at the institutional level was prescribed. While these institutions operate at a regional level, they are directly answerable to central government. Consequently they could be mandated to form the backbone of the initiative from the very early stages. Since 1994, the Conseil Regional joined the core partnership by becoming one of the funding bodies. These four organisations are commonly called the 'gang of four', suggesting a level of influence that goes beyond that of other partners (RDT Manager , 1998b). This shared leadership role has de facto been a basic rule of engagement in RDTs.

In some regions, it also proved to be a source of tension as some partners struggled against each other in order to claim ownership and sole strategic leadership. Following the 1999 national review of all RDTs, this issue was formally recognised. The government re-iterated the principle of shared leadership and emphasised the need to agree overarching regional technology transfer policies within the RDT framework by members of the 'gang of four':

> "The Comité de Pilotage relies on a core made of the DRIRE, the DRRT, the Anvar and the Conseil Regional. Its composition may further be specified, and where necessary, other institutions may be associated" (Réseau Interregional de Diffusion Technologique, 1999 pp. 37)

> "The strategic piloting of RDTs assumes involvement of key institutional partners, and the search of consensus without network take over by one of the partners" (Réseau Interregional de Diffusion Technologique, 1999 pp.37)

While formal partnership is the mechanism RDTs rely upon at the strategic level, looser networking is the process driving service delivery at the operational level. Further, involvement is voluntary in the sense that counsellors employed by one partner organisation (for example technology advisors employed at the regional DRRT) are not compelled, but are given the opportunity to join their regional RDT (therefore obtain the status of member). Table 4.9 shows the steady increase since 1996 of RDT members across French regions.

Table 4-9: Number of counsellors per RDT (1996-2000):

	1996	1997	1998	1999	2000
Alsace	0	6	55	62	57
Aquitaine	70	82	69	73	73
Auvergne	40	48	52	55	56
Bourgogne	41	44	45	28	30
Bretagne	96	96	104	108	108
Centre	68	73	73	67	54
Champagne-Ardenne	42	43	51	43	44
Corse	32	38	43	45	42
Franche-Comté	54	51	49	50	50
Ile-de-France	0	0	0	0	75
Languedoc-Roussillon	12	31	34	35	35
Limousin	55	62	56	46	42
Lorraine	28	28	28	29	29
Midi-Pyrénées	107	104	102	99	101
Nord-Pas-de-Calais	119	110	99	108	89
Basse-Normandie	58	45	54	56	52
Haute-Normandie	61	64	71	69	80
Pays-de-Loire	95	99	61	69	68
Picardie	34	43	47	45	50
Poitou-Charentes	49	47	44	38	36
PACA	37	53	57	60	49
Rhône-Alpes	149	178	22	34	38
TOTAL	1247	1345	1216	1219	1258
Average per RDT	62	64	57	58	57

This has allowed RDTs to expand the range of services they can provide to SMEs in the usual course of their activities (with the capacity to prescribe a PTR, for example). The arrangement is very different from co-location or secondment practices in the sense

that counsellors remain located in their employers' premises and provide services on behalf of their employers. However, by becoming members of the RDT, they agree to use a set of standard procedures specific to RDT members, and to dedicate part of their time to RDT business (i.e. canvassing).

Applicants, their employer, and the RDT manager sign a deontological code of practice that was devised centrally and is used in all regions. This simple one-page document commits members:

- To enhance market penetration levels through targeted and co-ordinated canvassing
- To provide the best service possible
- To be available should one's expertise be required
- To confidentiality
- To be actively involved in RDT internal communications and systems
- To personal professional development
- To the use of services and support provided by the RDT
- To a two year membership (Réseau Interregional de Diffusion Technologique, Date of signature).

1999 saw the introduction of 'associate member' status designed to differentiate between active and less active RDT members. Associate members are resources that can be tapped into, should a client require the type of skills or competencies they have. However, they cannot prescribe the PTR grant. Table 4.10 shows the recent growth in their numbers.

Table 4-10: Number of 'Associate' counsellors per region (1996-2000):

	1998	**1999**	**2000**
Alsace	22	31	32
Aquitaine	57	55	58
Auvergne	0	0	1

Bourgogne	13	15	13
Bretagne	0	0	0
Centre	0	0	0
Champagne-Ardenne	44	44	46
Corse	0	0	0
Franche-Comté	0	0	0
Ile-de-France	0	0	0
Languedoc-Roussillon	0	0	0
Limousin	0	58	22
Lorraine	6	6	6
Midi-Pyrénées	0	0	0
Nord-Pas-de-Calais	26	29	35
Basse-Normandie	19	29	38
Haute-Normandie	0	23	24
Pays-de-Loire	51	47	62
Picardie	31	28	28
Poitou-Charentes	10	11	11
PACA	0	0	0
Rhône-Alpes	172	55	0
TOTAL	451	431	376

Of all key strategic partners, chambers of commerce generally provide the greatest number of members at operational level. Anvar counsellors are also very active, but fewer in numbers. Despite this general trend, actual operations vary significantly between regions.

In conclusion, there are two fundamentally different processes that underpin the operation of RDTs: strategic partnership on the one hand and operational networking on the other. The next section focuses further on structure and control systems, in order to shed light on the ways in which this type of arrangement is meant to function.

4.4.4 Structure and Decision Making

RDTs are registered charities, ('association, loi 1901'). They operate within the framework of their legal statutes - which identify institutional partners - and rely on two short policy documents - which set out the principles of membership. These documents support strategic and operational decision-making processes, and lay the foundations necessary for operational networking.

Strategic decisions are largely made at the level of the 'Comité de Pilotage'. Similar to a board of directors, the Comité de Pilotage gathers key representatives from all the organisations involved in the partnership and the RDT manager. A 'president', who generally is an acknowledged business leader, chairs it. Interestingly, since 1988 all RDT statutes have been reviewed (DRIRE Chief Executive, 1999). Until then, the representative of the DRIRE and that of the DRRT were formally recognised directors. Further, their institutions were identified as being formal partners in the statutes. However this changed as it became widely accepted that the government could not be partnering with itself. In a sense, the regional DRRT and DRIRE are representatives of the government. Since then representatives sit on boards and, as suggested earlier, their strategic leadership is heavily emphasised, however their institutions are not formally partners in RDTs' statutes.

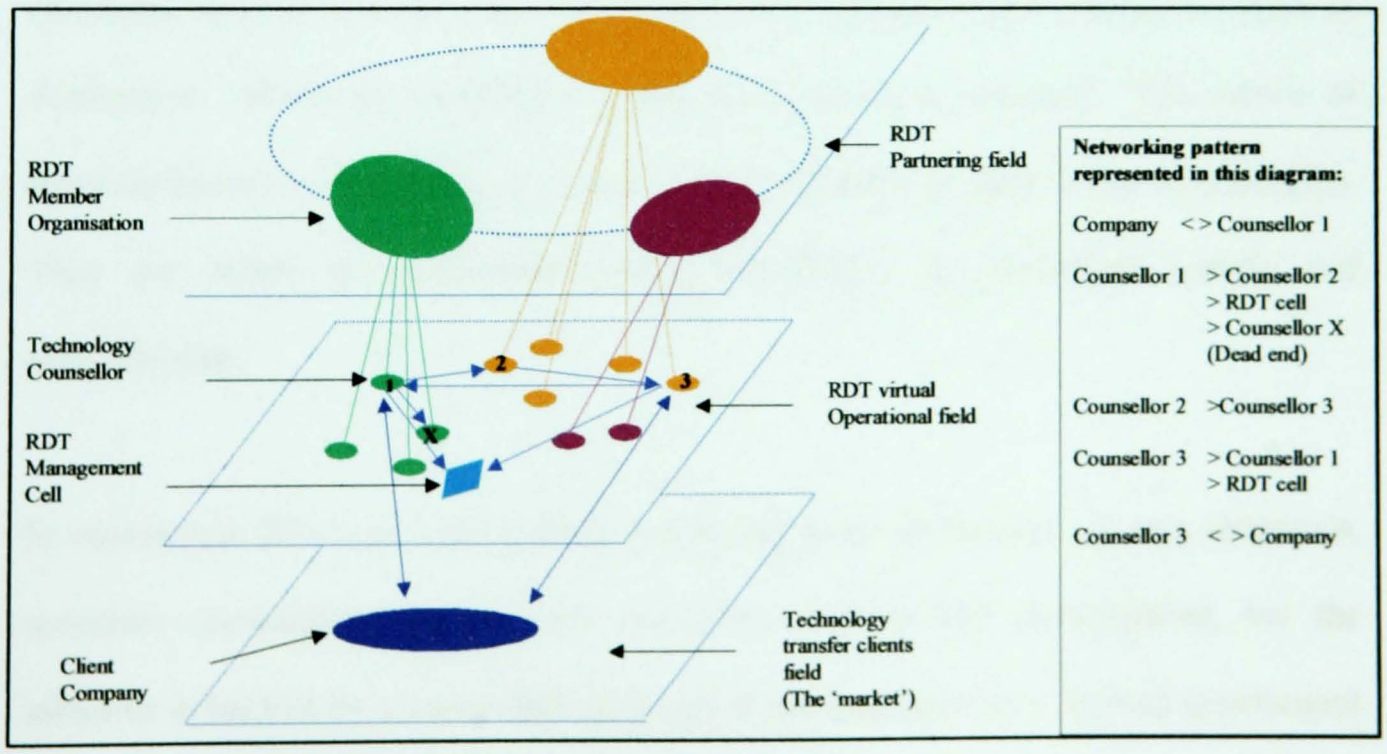
Daily operation of the network is the responsibility of the RDT manager. The main tasks of an RDT manager include:

- Supporting the networking of counsellors
- Co-ordinating activities,
- Monitoring and reporting on activities
- Contributing to strategic plans as a member of the Comité de Pilotage

A very small team of administrators generally supports managers. The voluntary aspect of membership has led to the emergence of a rather peculiar concept: that of 'non hierarchical management'. Partnership managers have no formal authority over member counsellors; they therefore heavily rely on their persuasion and motivation skills.

The decision-making structures mentioned above, in particular the concept of non-hierarchical management, require intense operational networking. The rationale behind the principle of voluntary participation is encapsulated in this 'networking' notion present in the label of the initiative: Réseau de Diffusion Technologique ('Réseau' meaning 'network'). As indicated earlier, networking occurs at operational level, rather than at senior level. Figure 4.3 illustrates how individual counsellors employed by key partner organisations interact and network in the conduct of their activities, forming a 'virtual' operational RDT field. Communication lines are primarily horizontal, in this 'virtual operational field' of the RDT.

Figure 4-3: Networking in the virtual RDT operational field



The inter-organisational nature of these operational interactions can be seen as a side effect rather than an enforced code of practice. Indeed, social relationships, the knowledge that counsellors have of one another and the trust they develop in each other, over time, are the real gelling agents in the community they form. The level of informality (as opposed to hierarchical control systems), and the reliance on social networking, are cultivated in RDTs and are constantly emphasised in policy documents (Réseau Interregional de Diffusion Technologique, 1999). The assumption is that once a counsellor is in contact with a firm he or she is faced with a range of options. One possibility is that the counsellor has the expertise required to conduct the most appropriate diagnosis, and can refer the company to the most suitable service provider, while on the other hand processing the application for a PTR grant, and negotiating its terms with the RDT manager. Alternatively, the counsellor may need to tap into the expertise of her or his peers. This is where personal networks come into play. This individual may contact a range of peers who may be better suited to dealing with the company. Some of exchanges may not lead anywhere, while others may be referred further until the best person for the job is found and put into contact with the firm. One could use the analogy with the World Wide Web: once a signal is sent (for example an electronic mail) it will use a random itinerary that will allow this message to reach its destination. When the message reaches dead ends it is re-routed. The nature of referrals between counsellors is meant to be as random as their social relationships. They are meant to cross-organisational boundaries, be horizontal, speedy and unpredictable.

In conclusion, RDTs provide a fairly traditional range of services –grants, diagnosis, specialist counselling services, and counsellor training and development, but the initiative is backed by a somewhat usual set of funding partners – central government

and regions. It is managed and monitored nationally through a fairly standard governance structure: funds are channelled into RDTs via the Anvar, a national agency with regional offices, also responsible for national monitoring. The RIDT, which is a network of RDTs, facilitates this national monitoring, but it is also a platform of best practice exchange, and policy making for the initiative. RDTs are unique in the way they aim to combine strategic partnership between key regional institutions and operational networking based on voluntary membership of technology counsellors for the delivery of services.

4. 5 Initiative Outcomes Nationally

Most of the government literature presents the RDT initiative as a success. This section explores the validity of such claims by considering four basic activity indicators: the average number of counsellors, the average number of visits over time, the average number of PTR granted per annum and finally the ratio of visits to grants allocated. It also analyses the results of a 1999 national review of RDTs, and considers the issues these raise for the study of partnership working.

Activity indicators have over-time been affected by the progressive enlargement of the RDT network. Enlargement (i.e. the creation of new RDTs) has led to the increase in total numbers of counsellors. However, the average level of activity (measured in table 4.11 by the number of visits) has fluctuated in less predictable ways.

Table 4-11 Average Counsellor and visit numbers, 1991-1998

	1992	1993	1994	1995	1996	1997	1998*	1999*	2000*
N° of RDTs	10	12	12	18	20	21	21	21	22
Tot. counsellors	528	747	835	979	1247	1345	1667	1650	1634
Average / RDT	52.8	62.3	69.6	54.4	32.4	64.0	79.4	78.5	74.2
Tot. visits	4271	55.86	6227	10020	13331	16772	17044	16215	18015
Average / RDT	427	465	519	557	667	799	812	772	819
Visits / counsellor	8.1	7.5	7.5	10.2	10.2	12.5	10.2	9.8	11

(*) Including associate counsellors.

Enlargements between 1991 and 1994 were associated with an overall decline in numbers of visits per counsellors. This can logically be explained by the fact that there is a gap between the creation of an RDT, and the recruitment of members. The pattern breaks between 1994 and 1997 where there was a steady increase in levels of activity. Despite the lack of enlargement between 1997 and 1998, the overall number of visits per counsellors decreased again, while the average number of counsellors per RDT increases, suggesting a renewed emphasis on the recruitment of counsellors in each RDT.

Table 4.12 shows the total number of PTR allocated over time throughout French territory.

Table 4-12 Number of PTR granted 1991-1999:

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
PTR total	863	1062	1138	1408	1231	1355	1639	1535	1534	1579
N° RDTs	9	10	12	12	18	20	21	21	21	22
N° of PTR per RDT	96	106	95	117	68	68	78	73	73	72

The joint reading of tables 4.11 and 4.12 reveals that the number of visits has increased steadily from 1992 to 1998. However, the average number of PTR allocated over

the same period does not mirror this trend. In fact, if we compare the ratio of visits to the number of PTR allocated over the same period, we get a rather negative picture of average RDT effectiveness. This is made clear in table 4.13.

Table 4-13 Visits per PTR 1991-1998

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Average n° visits / RDT	558	427	465	519	557	667	799	812	772	819
Average n° PTR / RDT	96	106	95	117	68	68	78	73	73	72
Ratio visits / PTR	5.81	4.03	4.89	4.44	8.19	9.81	10.2	11.1	11	11

Table 4.13 suggests that the average number of visits conducted for each PTR grant awarded has steadily increased between 1996 and 2000, indicating an apparent reduction in efficiency levels. At this stage in the research, it is not possible to establish the reasons behind this apparent decline. However, it is worth noting that discrepancies between regions are very large as shown by table 4.14.

Table 4-14: Number of visits per PTR grant per RDT 1996-2000

	1996	1997	1998	1999	2000
Alsace	0	7	6	5	6
Aquitaine	3	4	5	8	10
Auvergne	218	101	27	47	59
Bourgogne	8	7	8	9	6
Bretagne	13	11	13	12	12
Centre	11	11	16	0	0
Champagne-Ardenne	9	7	9	4	7
Corse	3	5	7	12	0
Franche-Comté	6	10	14	14	16
Ile-de-France	0	0	0	0	0
Languedoc-Roussillon	22	17	21	26	32
Limousin	21	6	6	7	11
Lorraine	6	9	10	8	9
Midi-Pyrénées	2	1	1	1	12
Nord-Pas-de-Calais	10	10	11	13	6
Basse-Normandie	24	20	23	20	25
Haute-Normandie	13	12	9	8	3
Pays-de-Loire	21	14	12	18	19
Picardie	9	12	13	9	5

Poitou-Charentes	15	17	20	17	32
PACA	9	11	16	4	2
Rhône-Alpes	7	7	7	8	8

The 1999 review of RDTs highlighted:

> "[...] a lack of coordination between institutions in most regions. This not only hinders the agreement of common goals for the RDT, but it also leaves operational monitoring methods too imprecise.
>
> Therefore the role and operations of the 'Comité de Pilotage' need to be defined more precisely while taking into account the partnership mission of the RDT" (Réseau Interregional de Diffusion Technologique, 1999 pp. 37)

In response, the government issued specific guidelines in terms of roles and responsibilities to each of the key players that it can directly influence, namely the DRIRE, the DRRT and the Anvar:

> "In order to enable a more effective monitoring of the RDT initiative, and define its position relative to other initiatives designed to support SMEs, clarity from the state is required. The complementarities in remits of regional institutions depending from the government (decentralised services: DRIRE, DRRT, EPIC and Anvar) means that it is necessary to specify their respective role and responsibilities in terms of management and monitoring:
>
> - DRIRE: relative position of RDT activities and blanket DRIRE initiatives; RDT and RDE relationship, and more generally relative position of the RDT and other economic development initiatives;
>
> - DRRT: relative position of RDT activities and the offer of specialised competencies by the DRRT; monitoring and positioning of technology transfer resources supported by the ministry of industry made available with in the RDT (technology transfer counsellor posts etc..) and outside the RDT.
>
> - Anvar: monitoring of RDT's technological focus; operational interface between the Comité de Pilotage and the RDT (more specifically between

> the RDT manager and the chair of the Comité de Pilotage); interface between the RDT and the Conseil Regional and the RIDT..." (Réseau Interregional de Diffusion Technologique, 1999 pp. 38).

These guidelines are interesting in three aspects. First, the government is clearly indicating that key regional players need to formally agree how their activities are positioned in relation to each other, signalling that these institutions will also have to define and acknowledge their respective turf. Second, Anvar is clearly cast in the role of arbitrator, mediating between the partnership manager and the partnership's chair; but also between the partnership and the inter-regional network (RIDT). It is also becoming a go-between for the partnership and its other key funding partner: the Region. Third Technology Transfer Advisors (referring specifically to a set of advisors hosted and under the control of the DRRT) are clearly seen as operating within the RDT framework. This is interesting because it is akin to saying that all technology advisors working for the local chamber have to work for the RDT. On the surface at least, this seems to be an infringement of the 'voluntary' ethic promoted within RDTs at the operational level.

In conclusion, this brief review of the RDT initiative's outcomes highlights a constant growth of the network and an increased level of activity at the national level. However, it raises questions about the long-term trend in terms of operational efficiency. The effectiveness of local partnership arrangements is also an issue that the 1999 national review and the guidelines, that emerged subsequently, suggest needs attention.

4. 6 Conclusion

This chapter described the slow but steady development of the RDT initiative. Launched in 1989, the last metropolitan RDT was established in 1999 in the Ile de

France region. Throughout that period, the overall rationale (enhancing SME competitiveness by giving them easy access to technological competencies) has remained constant. However, goals and objectives have become more specific and have been redefined centrally, suggesting increased levels of central government control – despite a stated commitment to the development of locally responsive partnerships and increased local funding. Since 1994, regions have become an important source of funding, in some cases contributing as much as 50% of the overall budget of their local RDTs.

Large-scale partnership was emphasised from the very beginning of the RDT initiative. Nonetheless, two fundamentally different processes underpin the operation of RDTs: strategic partnership on the one hand –key regional institutions are mandated to be involved in the partnership- and operational networking on the other –counsellors' involvement is based on voluntary membership. This combination presents challenges, and produces important concepts such as non-hierarchical management.

Overall, the outcomes of the initiative appear to be positive: there is evidence of steady increase in geographical coverage of the French territory and increased levels of general activity. A slightly more refined analysis however highlights problems such as an apparent decrease in efficiency levels. These are reinforced by the outcomes of the 1999 national review, which recognised that partnering issues existed across the network, and that they needed to be tackled by, for example, redefining the roles of responsibilities of all key partners, but also ensuring that they developed and implemented, within the RDT framework, a shared strategy.

5 Présence Rhône-Alpes

5. 1 Introduction:

The study of Présence Rhône-Alpes aims to investigate the relevance of learning organisation theory to our understanding of partnering dynamics in the field of economic development.

The case starts with coverage of the regional context in which Présence Rhône-Alpes is set. Past experiences of collaboration are covered in order to unveil how key decision makers were rapidly able to embrace the French RDT initiative and launch Présence Rhône-Alpes as one of the first pilots. The partnership's goals and objectives and the way they have evolved in the recent past are then investigated.

All the above constitutes the 'story' of Présence Rhône-Alpes. The following section centres on the detailed analysis of that story from an organisational learning perspective. By initially addressing the first research question (are value and operational crises components of partnership learning?), we aim to examine the relevance and usefulness of the partnership learning-spiral as a research framework for collaborative learning. Then by focussing on the second research question (what is the relationship between partnership learning and the negotiation and implementation of partnership objectives?), we intend to determine whether there are meaningful links / connections between the collaborative learning and goal formation.

5. 2 The Regional Context

Rhône-Alpes is the second largest French region after Île-de-France. With 5.6 millions inhabitants according to the 1999 national census (INSEE, 2000b , See Appendix A) and the 2 millions jobs it provides, it is comparable to several European countries, including Denmark (5.2 million inhabitants) and Switzerland (6.6 million inhabitants) (Laurencin & Rousier, 2001). The regional capital, Lyon, is the third largest town in

France with 1.3 million inhabitants, after Paris and Marseilles (INSEE, 2000b).

Contributing 9.77% of the Gross Domestic Product in 2000, the region is the second most significant in the country, well behind Île-de-France (which contributed 28,13 % in 2000) and well ahead of Provence-Alpes-Côtes d'Azur (which contributed 6.81% in the same year) (INSEE, 2000c , See Appendix B)

The economic vitality of the region is underpinned by a very strong web of SMEs (here defined as having less than 50 employees). According to Linossier (2001) these companies represented 92.5% of all businesses in the region. Small firms (i.e. less than 10 employees) represented 86% of the total. Businesses with more than 500 employees represented less than 0.1 % of the regional companies. Although the more recent figures released by INSEE are not entirely comparable because of variations in categories used to classify SMEs, they corroborate largely Linossier's analysis. Indeed, in 2000, the INSEE recorded that 91.88% of companies in the region had less than 10 employees (INSEE, 2000a) (compared to the 86% Linossier puts forward for 1999). Further, according to data published by INSEE, 8% of companies had between 10 and 499 employees, while only 0.05% of these had more than 500 employees (See appendix 7 for detailed figures across France and table 5.1 below for regional figures). The significant decline in the number of larger firms in the region may be explained by an increased level of mergers and acquisition affecting regional businesses and leading to the transfer of head offices to other geographical areas, mainly to Paris and its region (Laurencin & Rousier, 2001). While this trend is clearly identified by INSEE, the detrimental effects this may have on the regional economy are considered minimal, because outside Île-de-France, Rhône-Alpes is the second most significant pole of corporate decision-making in France (Lacroix & Pothier, 1999).

Table 5-1 Number and percentage of companies by size in Rhone-Alpes:

Rhône-Alpes	Total	%
Self employed	134209	48%
1 to 9	122386	44%
10 to 499	22353	8%
500 and above	153	0%
Total	279101	100%

Source: (INSEE, 2000a)

The region has developed a strong potential in services to industry, including areas such as logistics, transport and inventory management services (Linossier, 2001; Laurencin & Rousier, 2001). According to these authors, its industrial potential is hardly matched in France, making Rhône-Alpes one of the rare French regions which combines successfully strong secondary and tertiary sectors:

Table 5-2: Employment by sector in France and in Rhone-Alpes:

	Agriculture	Manufacturing	Building Trade	Services	Total
Rhône-Alpes	0.9	24.6	5.5	69.0	100
France	1.5	20.1	5.5	72.9	100

Source: (Laurencin & Rousier, 2001)

Within the regional SME sector, most of the industrial activity is undertaken by subcontracting SMEs. In 1996, these dynamic and specialised businesses created in 28.6% of the regional value added (against an average of 23% at the national level) (Linossier, 2001). Services created 64.4% of the regional value added in the same year (against a national average of 70%) (Linossier, 2001). The breakdown by size of businesses showed an overwhelming dominance of companies with less than 10 employees, however, a further breakdown of manufacturing SMEs by size shows that this is not mirrored in the sector:

Table 5-3 Manufacturing businesses by size in France and Rhone Alpes:

	Less than 20	20 to 49	50-99	100-499	Above 500	Total
Rhône-Alpes	2.7	21.8	15.7	39.7	20.1	100
France	2.8	18.1	13.1	37.9	28.1	100

Source: (Laurencin & Rousier, 2001)

The above suggests that manufacturing companies tend to be larger than in other sectors in Rhône-Alpes; further, the proportion of companies with less than 50 employees (24.5%) is higher than the national average (20.9%).

In addition to the very significant role of SMEs have in the economy, the presence of geographical clusters of firms specialised in a particular type of economic activity, akin to the Italian model of industrial districts, is noteworthy (Laurencin & Rousier, 2001). The spatial localisation of firms (particularly SMEs) in the same or related sectors generates economic benefits derived from both collaborative and competitive relationships (Gregoire, 1998; Lescot & Sinou, 2000; Ministère de l'Education nationale de la Recherche et de la Technologie, 1989). Keeble and Wilkinson (1998) further argue that in high technology sectors the presence of such clusters is tightly linked with regional innovative capability because it fosters collective learning and knowledge development in the region. According to Laurencin and Roussier (2001) Rhône-Alpes has three significant industrial districts located in the 'Vallée de L'Arve', the Roanne area, and the Oyonnax sector, respectively specialised in metalworking[22], textiles and plastic moulding.

In conclusion, the above outlined the significance of the SME sector and the presence of several industrial districts within Rhône-Alpes. Both are fundamental to the economic vitality of the region, and it is in this context that business support activities, including

[22] Specialist activity called 'décolletage' in French.

specific initiatives to promote technology transfer and innovation, have taken place since the 1980s. These are covered in more detail in the next section.

5. 3 Past Experiences of Partnership and Early Development Stages

5.3.1 Introduction

Présence Rhône-Alpes is one of the first pilots of the Réseau de Diffusion Technologique initiative. Like many of its counterparts, the partnership had a history of earlier collaboration between key actors; but unlike most, it has witnessed important upheavals in the course of its short history and is currently bandied as one of the success stories of this government policy.

In this section, we describe how partnering efforts in the field of technology transfer started in the region in the late 1970s and were formalised with the creation of Présence Rhône-Alpes in 1990. We then present how the principle of using existing infrastructure (as opposed to creating new support structures) and the principle of relying on private business managers emerged as fundamental values which over time led to tension, then crisis.

5.3.2 Early Experiences and Formalisation with the RDT

Large-scale collaboration in the field of technology transfer can be traced back to the late 1970s in the Rhône-Alpes region (DRIRE Chief Executive, 1999; Senior Conseil Regional Manager, 1999). In 1977 the Conseil Regional and the DRRT initiated the GRITT (a regional group for innovation and technology transfer). The GRITT was originally constituted by business leaders who were committed to innovation and

technology transfer and saw these as means of enhancing business effectiveness (Senior Conseil Regional Manager, 1999; Reverdy, 1992). Originally, this organisation was purely constituted of private sector entrepreneurs, who would informally meet to discuss innovation and technology transfer issues. However it progressively evolved as technology service providers joined the group (Senior Conseil Regional Manager, 1999; Reverdy, 1992; ARIST Managing Director, 1999). As the GRITT grew, it became a rather wide and diverse network of individuals and institutions:

> "At the time, one could find in the network chambers of commerce, which accounted for about 80% of activities on the ground. There were the CRITT: Regional Centres for Innovation and Technology. Representatives from University Research Laboratories also took part, alongside representatives from public schools. Technical Centres were also involved in the group –there is a large number of technical centres in this region, about twenty I think- So there were intermediaries as well as people capable of offering high value added services in technology." (ARIST Managing Director, 1999)

In parallel to the increasing level of involvement from a range of stakeholders, the amount of strategic reflection within the group grew too, leading to a recognition that innovation was indeed important to SMEs growth and survival, but that these were not sufficiently guided in their search for technological competencies. A consensus that something needed to be done to address the situation emerged:

> "Originally, it [the GRITT] was purely a group of industry leaders, and very rapidly, it included businesses and technology service providers. Therefore it anticipated what was more formerly established later with the RDT. So, in the region we already had a structure that had identified the need to bring closer businesses and business support offer." (Senior Conseil Regional Manager, 1999)

> " This network [the GRITT] was primarily a gathering of actors who would generally meet informally. That's how it started. Then, it evolved. It evolved because actors realised that while the meetings were useful, there was a need for shared objectives; there was also a need for proposals that could be made to businesses. In other words we needed to move and indeed get results. [...] There are technological resources in this region, in fact more than we need. But SMEs, firstly, do not necessarily know how to formulate their technological needs; secondly, even if they can express their needs, they do not know how to find the resources that they need. So, in some ways, Présence Rhône-Alpes, well it was not called that way then, I can tell you that, so it was a signposting system, a way of establishing a link between SMEs and technological resources" (ARIST Managing Director, 1999)

The need to narrow the gap between SMEs and technological expertise provision was established following a consultancy report, which was commissioned by the Region between 1986 and 1988 (Senior Conseil Regional Manager, 1999). The exact date of this study could not be established in these interviews, despite the large number of references made to it, perhaps mirroring the long lasting effect the study had on partnership debates. Initial steps focussed on establishing and intensifying links between businesses and public sector research institutions:

> " To be short, the region commissioned a study at one point in time. A consultancy agency was employed to conduct an analysis of the potential of research and development in Rhône-Alpes. They concluded that given existing potential, the level of interaction between laboratories, universities and technical centres and businesses was limited. Therefore the goal was initially to intensify exchanges between universities, laboratories, technical centres, one could say public sector research and businesses, specifically, SMEs.... This

proved rather difficult to achieve" (Chamber of Commerce Senior Manager , 1999)

As the experience lasted over time, the joint leadership of key institutional players within the Conseil Regional, the Anvar, the DRRT and Chambers of Commerce became more prominent, while at the same time a continued emphasis was placed on the informal nature of the emerging partnership:

> "You see, I lived the history of this partnership. When I joined the Chamber of Commerce in 1988, the network was primarily informal and based on a small number of key people at the time. It was more of a "people's network". [...] At the time the main goal was to ensure collaboration between institutions, but without formalisation." (Chamber of Commerce Senior Manager , 1999).

> "So, we, public service institutions, DRRT, Anvar, the Region, we responded to these expectations and made proposals. This group of people would meet and debate the nature of technological support delivered by counsellors, they would exchange and share experiences. In the same spirit, we created a network of people. Voluntary action, a network of people, in order to address a rather heterogeneous demand coming from different stakeholders, within a new profession, technological support, signposting and industrial research. This was the beginning of the adventure about ten years ago. (DRRT Chief Executive., 1999)

"From a historical perspective, the establishment of a network concerned with technology transfer was initiated by us, the Anvar and the region. How did we initiate this? We started from the need expressed by newly created actors in technological development and business coaching. Many of these felt indeed

> isolated, lacking both methodological tools and logistical support. This hampered their ability to perform their newly developing function, the technological support of businesses wishing to grow or seeking technological support." (DRRT Chief Executive., 1999)

The above shows that respondents (with the exception of the Conseil Regional representative, who were all in post as these events took place) reached a consensus that provision of technological support in the 1980s could by and large be characterised as the emergence of a new profession. Interestingly, there seems to be a divergence in their recollection of the rationale behind the emergence of this informal network between key actors. While the chief executive of the DRRT seems to focus on a supply side argument, i.e. that newly created technology support structures needed support themselves to develop appropriate intervention tools in the small firm sector leaning towards a supply side argument (Ricordel, 1997) ; the representatives of the chamber of commerce and the region tend to argue that SMEs needed clearer access routes to support therefore leaning towards a demand based argument (Brachet, 1995; Mawson, 1997; Parker, 1999; Cosh & Hughes, 1998) or a market failure type of rationale .

In the late 1980s, it was primarily the latter that guided national debates on technology transfer infrastructures in the country (Parker, 1999). Developments in the Rhone-Alpes region coincided with the formation of the RDT policy nationally (Reverdy, 1992). It was therefore not surprising that the region should be picked as one of the national pilots for the scheme. Given that much was already in place, albeit on an informal basis, the official launch of Présence Rhône-Alpes took place speedily in 1990, the partnership was originally called 'Présence Technologique Rhône-Alpes', but it soon became known as 'Présence'. Interviewees seem to be of mixed feelings about the work they pioneered becoming part of a national policy. Some emphasise the traditional budget enlargement arguments (Mackintosh, 1992), by arguing that the

sustainability of the partnership was strengthened as dedicated sources of funding were associated with RDTs, but others stress equally the difficulties of fitting their regional approach into the straightjacket formed by nationally defined guidelines:

> "Partnering and collaborative work were established in the region before the national offices of Anvar defined what an RDT was meant to be and before pilots with specific guidelines were set up. [...] So, in Rhône-Alpes, I will not go through historical details again, this was a shock to the system; it affected established networking practices. [The national initiative] constrained in order to formalise. It also brought additional finances, which guaranteed the sustainability of these structures. But initially, it could be seen as a national reframing of systems that were already in place in Rhône-Alpes. So with the exception of additional finances, the national RDT policy did not help much in Rhône-Alpes." (DRIRE Chief Executive, 1999)

> "The network was very formal at the beginning, it was somewhat forced into implementation by the public sector, with a financial carrot, targeted to Chambers of commerce among others." (Chamber of Commerce Senior Manager , 1999)

Like many other economic development initiatives that require partnership, the birth of Présence Rhône-Alpes was characterised by a desire to access financial resources (Parkinson, 1996; Martin & Pearce, 1999; Haughton et al., 1997) leading to budget enlargement (Mackintosh, 1992). It was also characterised by a policy framework 'imposed from the top' which local partners found difficult to accommodate originally (Parkinson, 1996; Geddes & Martin, 1996; Dunsby, 1997) .

The Présence Rhône-Alpes partnership that emerged was led by the gang of four partnering at the strategic level and shaped as a wide network of organisations involved in technology transfer (as service providers, as specialist diagnosis services, as research led bodies and education institutions or simply as representatives of the private sector) at the operational level:

> "In the legal documents at the time, one could clearly see that Présence Rhône-Alpes focused on all businesses in the region, and that founding members included all research institutions, all regional chambers, the Anvar, all regional public sector bodies... really everyone was meant to be there." (Senior Conseil Regional Manager, 1999).

5.3.3 Founding Principles

Two fundamental principles emerged as partners reached agreements about the ways in which they intended to operationalise the RDT. These were the use of the existing technology transfer and business support infrastructure and the involvement of the private sector. The rationale behind these choices is discussed below.

5.3.3.1 Use of the Existing Infrastructure

In the late 1980s, informal collaborative networks had been growing in the region and key partners could anticipate the requirement to launch an RDT in the near future. It is with this context in mind that the Conseil Regional had commissioned the consultancy project discussed earlier. The latter indeed confirmed that access to support services was an issue for SMEs. However, it also recommended the establishment of an entirely new organisation, which would employ its own technological counsellors and act as a single point of access for technological advice and support. This was strongly opposed

by Chambers of Commerce and led to the first important stream of negotiations and discussions in the partnership.

Although Chambers' activities were primarily generalist and therefore lacked some the expertise required to diagnose SMEs needs, particularly in relation to technological development and innovation, they were the most active organisations in the field providing general diagnosis and counselling services to SMEs (Reverdy, 1992).

Following political manoeuvring and jockeying, the partnership rejected the idea that an entirely new structure should be created and opted in favour of a networking solution whereby Présence Rhône-Alpes would rely on counsellors from partner organisations and in particular from Chambers:

> "Well, if we go back in time, to the period where the Conseil Regional commissioned –I was told this, I was not there at the time- a study by a large consultancy firm. This study concluded [...]that SMEs did indeed find it difficult to find their way in the labyrinth of business support and financial and technological support that was offered to them. They recommended that an entirely new structure should be created, with about twenty counsellors recruited for the sole purpose of visiting companies. So that was a big danger at the time. It required political interventions and it was blocked. From there we got to the service level agreements. The argument was that there was no point in creating something additional to what is already in place. Let's use what is already established. Let's federate. Let's coordinate and enhance professionalism in existing provision. This rationale persists to date." (ARIST Managing Director, 1999)

> "The RDT is not there to do things, it is there to enable others to provide services or improve their service provision. Since the very beginning we chose to work from what was already in place. The alternative could have been to set up a specific body with its own technology counsellors, given that this was designed to address a new emerging demand for technology transfer. That's precisely what we did not do. Our choice was made after debates, discussions. We decided to favour another solution, which was about recognising that at that time, there were a number of organisations, which were mandated to intervene on the ground for the provision of technical assistance to businesses. These included among others Chambers of Commerce." (DRRT Chief Executive., 1999)

Further, this decision was tied with client visit targets that focused dramatically counsellors' activities on market penetration goals and in particular on the signposting to public sector service providers:

> " I believe that the catalyst for Chambers involvement, was the target based contractual agreement with the region. [...] These agreements initially involved new resources that were designed to enable chambers to increase the number of client visits in order to identify and foster technological development projects. The desire to use more effectively the resources of technical centres laboratories, well public sector research, was implicit in this. O.K. so much has been done since." (Chamber of Commerce Senior Manager , 1999)

The contractual system adopted in Rhône-Alpes is very similar to the principle of service level agreements that are commonly used in the United Kingdom. Each year the region negotiates with regional chambers of commerce the number of client visits

that counsellors will conduct. Chambers of Commerce receives a level of funding for each visit conducted. Therefore, there is a direct financial benefit for partner institutions whose counsellors are canvassing the region.

The nature of targets negotiated between the region and the chambers has evolved dramatically from the early years of the Présence Rhône-Alpes to the current day. This evolution will be discussed further in the review of the partnership's operational activities. It is nonetheless worth noting that the performance-related funding system established in Rhône-Alpes was at the time ground breaking. Very early in the history of this partnership, it paved the way to intensive counsellor training and development (especially in the specialist technology related skills). It also emphasised professionalism in service provision:

> "The target based contracts enabled the partnership to move onto the next stage. There was a transition between the friendly meetings, where everyone got to know the other partners, to a stage where we could demand things. We have to acknowledge that this was achieved thanks to the Conseil Regional. We said to people: 'now, you will need to enhance your professionalism; to work against targets and get involved progressively in more sophisticated and intelligent approaches'" (ARIST Managing Director, 1999)

> "The gamble we made was about opening these people to technology by telling them: 'be careful, business support from a management and coaching perspective is not enough. Increasingly, technology and innovation will take an important part in competitiveness. You must be operating in this area. That was the gamble, I believe we won." (DRRT Chief Executive., 1999)

Similar scenarios to the above have been unveiled in other European studies of economic development policies (Parker, 1999; Le Galès & Lequesne, 1997; Balme, 1997). It is not unusual that new national or European initiatives become threats to the activities and remits of organisations, institutions already operating in areas such as business support (Haughton et al., 1997; Martin & Öztel, 1996; Geddes & Martin, 1996). In the case of Présence Rhône-Alpes, partners' ability to reach a consensus (that existing support structures should be used) is outstanding given the implicit acknowledgement that their capabilities were deficient and needed to be built up for the partnership to deliver its mission. Despite criticisms by local commentators (referring to national policy straightjackets) partners seem to have enjoyed a level of operational flexibility that may not always be the hallmark of governmental initiatives. In the case of the British Business Link initiative, for instance, the more rigid guidelines spelt out in the successive prospectuses and in turn tied into partnership bid evaluation processes reduced scope for local flexibility to the extend that Dunsby (1997), then Chief Executive of the Association of Business Advisors, asked in his report to the British Minister for Small Firms whether Business Links were partnerships or dictatorships, referring particularly to the dominant roles some TECs have come to assume in these 'collaborative' structures.

In parallel to Présence Rhône-Alpes's desire to use exiting business support and counselling resources with a commitment to the development of their expertise, particularly in the field of technology transfer and innovation; the partnership was strongly driven by a commitment to involve the private sector in strategic decision making, as shown below.

5.3.3.2 Private Business Managers Involvement

As discussed earlier in this chapter, the GRITT was originally a gathering of private

sector business managers (Reverdy, 1992). Private sector involvement remained a driving force in the establishment and development of Présence Rhône-Alpes. However, the modus operandi of this involvement and the type of private sector representatives evolved quite significantly.

Historically, PRA had always emphasised the involvement of business managers in the partnership's decision making, with in particular the establishment of a 'Comité des Industriels' (Industrial Committee) which had been given specific strategy definition remits in the legal documents that established the RDT (RDT Manager, 1999a). However, the limitations of this policy soon emerged for the RDT, as its growing focus on the very small businesses became apparent:

> "In our efforts to recruit private sector business leaders, we defined a generic profile. Specifically we wanted owner-managers of very small businesses, because, 7 or 8 years ago, there was also a private sector committee, but it primarily included chief executives of medium and larger businesses. How could one realistically expect the chief executives of these businesses to understand the very small business? [...]. The very small business has characteristics that we must absolutely take into account, but which are most of the time overlooked. We cannot use the same intervention tools as those used in medium sized businesses. We can not fully transfer these action across to the very small businesses." (RDT Manager, 1999a).

Latter recruitment efforts aimed at incorporating within the strategic apex of the partnership owner-managers of very small and small businesses (1 to 50 employees, with a special focus on those with less than 20 employees). As suggested above, the rationale is primarily to focus with greater effectiveness on the needs of this market segment (RDT Manager, 1999a). This is achieved by using the Committee as a

powerful validation mechanism for strategic decisions made by the gang of four:

> "The creation of the Industrial Committee was important, because it allowed Présence Rhône-Alpes to demonstrate that it could involve the private sector: this is not to be taken for granted. As a consequence, institutional partners can have immediate feedback on their lines of thought on a range of topics" (RDT Manager, 1999a)

> "So, I progressively got involved, because I believe that these people, who are committed to progress, need in front of them business leaders who are prepared to commit time to assist them. They need this interface. They really are looking for it. I see the meetings that we have held jointly, I see the creation of the industrial committee by ~~person named~~ [the current partnership manager]. We bring ideas. It enables us sometimes to destabilise [the institutional representatives], on the contrary sometimes we strengthen their conviction that they are doing the right thing." (RDT Private Sector Director, 1999b)

The above clearly emphasises the synergies that are sought through the interaction between small business representatives and institutional players striving to implement support policies that are relevant. This type of private sector involvement has extensively been sought in the United Kingdom, where the notion of 'public-private' partnership became a favoured means of implementing policies from the late 1980s (Hambleton, 1991; Pacione, 1992), throughout the 1990s (Parkinson, 1996) even after the rise to power of New Labour(Glaister, 1999) (Clarence & Painter, 1998; Darwin, Duberley, & Johnson, 1999). In this context, private sector involvement was not only seen as part of the legitimisation discourse underpinning governmental initiatives targeting business (Sanderson, 1996), it was also viewed as a means of 'transforming' the public sector by importing management practices expected to improve public sector performance (Mackintosh, 1992; Martin & Sanderson, 1999).

The notion of public-private partnership in France is rather different from that which was pioneered in the US or developed in the United Kingdom (Le Galès, 1992). This is largely due to the legislative infrastructure that applies to the modus operandi of public sector intervention and the one that applies to commercial enterprises. Indeed public and private sector interaction are more often than not set and analysed in the context of ownership, legal status and type of contractual arrangement that exist between the two sectors (Lorrain, 1988; Douat, 1995). However, customer / private sector involvement and interaction with service providers are becoming part of changing perspectives on public sector service delivery, which emphasise the suitability of these services (Brachet, 1995). Further, business services is the area where private sector involvement is most developed in France:

> "While private sector entrepreneurs may be involved in 'think tanks' or business associations, for example via the Chamber of Commerce, cases of active collaboration are rare in France. Most of the involvement in economic development comes from groups of entrepreneurs or owner managers of medium sized enterprises." (Le Galès, 1992 pp. 89)

As suggested by respondents in Présence Rhône-Alpes, private sector representatives' involvement was driven by service improvement and a will to shape local policymaking rather than a governmental desire to alter public sector management processes. Despite the legitimacy that private sector brings theoretically to a partnership, one could argue that, in Présence Rhône-Alpes, the earlier and more awkward private sector involvement efforts in partnership management had sawn the seeds of crisis. The next section presents an account of one of the most difficult periods in the history of Présence Rhône-Alpes.

5.3.4 Crisis Strikes

Like early members of the industrial committee, the partnership's managing director was a private sector business leader. However, instead of bringing the partnership legitimacy, or effective focus on small businesses needs; this appointment set in motion conflicting approaches that climaxed with his resignation and Présence Rhône-Alpes' entry into a three-year vegetative period. Interview data suggests that tensions were underpinned by management style issues, advertising policy decisions and the conflict of interest that emerged between service providing and service prescribing partners.

Most of the rare references to this conflict-laden period tend to converge on differences in opinions and strategies between the managing director and institutional partners:

> "When I joined this partnership, five years ago, it is not certain this orientation was there. The managing director, at the time, did not fully embrace technological transfer. This was not a policy he fully endorsed. Managing directors changed. The problem was resolved. Then at the partnership level we needed to see... I think since ~~name~~ [the current partnership manager] joined, we re-established the balance between the political and the partnership's priorities." (DRIRE Chief Executive, 1999)

> "At the time, I was not here, but I still experienced it as a member, the crisis that took place... I think that at one point in time, the partnership's managing director, who was leading a business of more than a thousand employees – so not the kind of business we deal with every day - saw things differently from institutional partners. The managing director and the chief executive he appointed and institutional partners had diverging points of view." (RDT Manager, 1999b)

The above statements are rather broad, and interview data do not allow us to establish clearly the specific nature of these diverging opinions. On the other hand, there seems to be more specific suggestions that the managing director's management style could have been an aggravating factor in the genesis of tensions between himself and his key institutional counterparts, the so-called gang of four:

> "Well I told you, at one point in time, institutional partners were not in agreement with the MD's line. Roughly, the MD wanted... If you like I think that he wanted to structure the partnership and manage it like his business. So he wanted to formalise, when he needed to operate at the informal level. [...] And institutional partners were not... that was not the point. I think that he indeed started to create a problem the moment he decided to structure, organise, dictate this or the other. The problem is that you can only achieve. You cannot dictate. You need to get people working by convincing them instead of dictating them." (RDT Manager, 1999b)

The managing director's desire to formalise was accompanied by a commitment to establish the Présence Rhône-Alpes brand in the minds of his target market. He therefore implemented an advertising campaign, described by the current partnership manager as 'ambitious':

> "Secondly, he [the partnership's MD] implemented a large PR campaign for Présence. And I think that institutional players did not agree with that. But, you know, it is always the same thing; when institutional players have in front of them an MD, they do not dare risk a confrontation, etc.... Often the schism appears, the abyss gets deeper, nobody talks to anybody. There are misunderstandings; these get bigger over time... It creates an atmosphere where suspicion prevails and one day divorce is necessary. The reality is that

people did not explain their positions. It is often like that. I must say however that the PR campaign was particularly ambitious. Heavy communication and advertisement to raise awareness of Présence Rhône-Alpes, the logo etc... The advertising budget was very strong. I believe it has had an impact. But institutional partners do not like that their money is used for advertising purposes. That is a kind of recurrent problem, one that is understandable too. They do not like that their money, [...] is used in advertising efforts. No problem with the production of documentation, as we do now, that's fine. But a strong PR policy... they do not like that." (RDT Manager, 1999b)

Beyond these conflicts that were very closely related to particular individuals and their inability to reach an open and clear agreement on strategic priorities; the partnership suffered the side effects of the all-encompassing partnership policy that was adopted for the establishment of the RDT. Indeed the fact that service providers and service 'prescribers' were all involved created conflicts of interests:

"From the very beginning public sector organisations, so governmental bodies, the DRRT and the region, felt that there was a problem in gathering [...] organisations that are service providers, organisations which were designed to visit companies -to promote technological development- and companies that were themselves supposed to be clients for services. So a debate emerged on the gathering in the same organisation and the collaboration of people who were service providers, service prescribers, and potential clients. Again, I was not there, I do not remember this, I work from written exchanges and meeting minutes, where the issue is clearly identified." (Senior Conseil Regional Manager, 1999)

Tensions mentioned above have had two implications. Firstly, the expectations of some of the service providers were raised as they assumed increases in business as a direct

result of their membership, in particular research and development institutions (e.g. specialist engineering schools, public sector research laboratories etc.). The second outcome was self-prescription, (in other words, counsellors from a particular partner tended to prescribe their own organisation's services) (Senior Conseil Regional Manager, 1999). Both of these trends were unhealthy and undermined Présence Rhône-Alpes:

> "In addition, the crisis was accelerated by the fact that partnership gathered service prescribers and service providers. Service providers had therefore an ambiguous role. They considered that service prescribers should act as their commercial representatives: 'what's this? The partnership does not generate business for me' etc... To set this in context, most of these service providers are from the public sector, hence official partners; on the other hand private sector representatives were not included yet 60% of our work is with them. The most virulent providers were the universities and technical centres. The partnership's target market is really not in suitable for their services. So you mix all that, and progressively, over the months the mistrust increased leading to a breakdown." (RDT Manager, 1999b)

"There was a misunderstanding at the beginning. Laboratories and universities had high expectations from company visits. As the public sector was focussing on identifying company needs, they thought that they were going to get increased levels of interaction with businesses and indeed more business. In parallel [...] some universities and public schools set up dedicated technology transfer units [...]. There could have been a misunderstanding there, because we very rapidly realised that SMEs needs were remote from what these structures offered, priority issues were not of technological nature. Over time, people realised – the public sector in particular, that the partnership could not

be the commercial arm of public sector technological research. It did not work. This was the general feeling. We could not be commercial reps for public sector research. Indeed, the generalist counsellors, people who work in chambers of commerce, or technical centres, are industrial development counsellors. They rejected the approach."." (Chamber of Commerce Senior Manager , 1999)

Between 1992 and 1993[23], the chair of the partnership resigned. According to the current partnership manager, the then partnership's chief executive, was then 'made to understand that he needed to leave' (RDT Manager, 1999b). No sustainable appointments were made for the next three years. For a short while, a partnership manager on a short-term contract was appointed. Later, a formal appointment was made, but the appointee stayed for less than three months. The situation finally stabilised with the appointment of the partnership's current Managing Director (RDT Manager, 1999b).

In conclusion, very few interviewees referred that this period of the partnership's history, and even fewer called it 'crisis'. Most respondents felt more comfortable presenting a process, a set of long and difficult negotiations that have recently culminated with a unanimous agreement of new strategic priorities and mode of operation for Présence Rhône-Alpes.

The experience, however, seems to have had long lasting legacy. The recruitment of private sector representative is a very carefully managed process. It aims to identify dynamic owner managers from a very small firm background. Further, tensions that are inherent to bringing together service providers and diagnostic specialists have recently

[23] The exact date could not be established.

been resolved and led to a complete reconfiguration of partnership membership and mode of operation. Each of these issues will be discussed in more detail in the review of the partnership operational dynamics in the next big section. Before, this case study will focus on the partnership's objectives, their evolution and the negotiation processes involved.

5.3.5 Conclusion

Like many partnerships of its kind Présence Rhône-Alpes has got a rich history of past collaboration. Its legacy has both been positive, with for example the collaborative experience key players have acquired, and constraining, as some early partnering rules became impediments to the partnership's sustainability. This was the case with the principle of private sector involvement /leadership which has been fundamental since the very early collaborative attempts in the region. Présence Rhône-Alpes found at its own cost that any private sector representation was not satisfactory; an acute knowledge of the client base (the very small firm owner managers) was necessary for successful partnership leadership.

The leadership crisis that emerged in 1992-93 was also symptomatic of weak and insufficient communication amongst key decision makers in the partnership. This has had to be addressed in order to ensure that Présence Rhône-Alpes could deliver its mission effectively. The next section analyses the partnership's goals and objectives and specifically focuses on the way in which partners have since this crisis, been able to build a shared meta-strategy.

5. 4 Goals and Objectives

5.4.1 Introduction

This section synthesises some of the most significant changes that occurred in the partnership's meta-strategy and the challenges they raised subsequently. Earlier in the chapter, we have shown that the all-inclusive nature of the partnership, prescribed centrally, was an underpinning cause of conflicts of interest between service providers and service prescribers. Présence Rhône-Alpes' directors and patrons have acknowledged these a long time ago, but were able to address them only recently, with the formal changes of status in 1998 affecting all three areas of membership, activity areas and target market.

The first part of this section presents the events that led to a dramatic focus on demand, with in particular the exit of all service providers from the Présence Rhône-Alpes and the emergence of debates on a service provision network, with the European RITTS programme. In a second section, emerging discussion favouring opposite views on the nature of Présence Rhône-Alpes' services will be summarised. Such jockeying is absent from Présence Rhône-Alpes ambition to strengthen its regional presence with the development of satellite local networks, for local service delivery. The third section mirrors partners' reflections on the negotiation and implementation of strategic goals regionally and the implications such processes have had on their respective organisations as well as their leadership in the field of regional economic development.

5.4.2 Focus on Demand

Two aspects of Présence Rhône-Alpes' recent developments mirror its increasing focus on demand. These include changes to the partnership's legal status in 1998, which

led to a formal exit of service providers from the partnership, and they include (in the context of the EU's RITTS) preparatory work for the launch of a new supply side network. Each of these developments in the partnership's meta-strategy is discussed further in the next two sections.

5.4.2.1 Separation Between Service Prescription and Service Provision

Although partnership members clearly identified the co-existence of the service prescription and service provision activities in the partnership as a source of conflict of interest, they were able to resolve this tension only recently, with the formal change of membership and target market. This occurred with the signature of amended partnership status in the summer of 1998. The effect of these changes were dramatic, as past member organisations, including for example the enterprise agency run by the chamber of commerce, were asked to formally leave the partnership:

> "We started off with this RDT, which in its operation and goals mirrored national guidelines. We progressively specialised it, but this required a long time, we specialised it on small businesses and focused it on market penetration goals. The formal conclusion of this long trek was in 1998 Présence Rhône-Alpes' change of status" (Senior Conseil Regional Manager, 1999)

> "Our interest is to ensure that Présence Rhône-Alpes provides support for service prescribers. This is in short the strategic orientation that we all agree upon, with our colleagues from the Region, the DRRT and the Anvar. Focus on prescribers and support the professional development of service prescribers". (DRIRE Chief Executive, 1999)

These clients, originally defined as small and medium enterprises have been redefined

and the partnership now aims to serve the most challenging segment of the SME sector, the very small and small companies:

> "Mid-1998, the change in status meant that Présence Rhône-Alpes retained service prescription as its main mission. Therefore we had a diagnosis and prescription service focussed on demand on a very specific target market: the small industrial and artisan businesses of this region. That is businesses with less than 50 employees and in particular those with less than 20 employees." (RDT Manager, 1999a)

The separation between service providers, who formally left the partnership, and service prescribers is clearly presented as a focus on demand by the partnership manager. He includes it in an overall drive to reflect clients' needs. He suggests that the partnership's heavy reliance on its private sector directors, themselves small firm owner managers is consistent with the overwhelming demand focus adopted by the partnership:

> "Our board of directors is constituted of elected members representing the small business sector. We do not have permanent board directors from institutions. This has got advantages: we can say that we truly represent demand. The challenge is to get them involved. One can argue that an elected entrepreneur, even if he or she also represents an institution, like the Chamber of Commerce, will always retain an entrepreneurial attitude in decision-making. On the contrary a permanent representative from one of the institutions will always retain the culture and will keep in mind the objectives of his or her organisation. [...]. So with this structure we are far closer to demand. Institutional representatives, roughly the gang of four (government, region and Anvar etc...) are invited to board of directors' meetings. But they are not directors themselves, for legal reasons." (RDT Manager, 1999a).

The above is corroborated by directors from the private sector, who see their activities as fostering the partnership's sensitivity to small firms' needs. They also share a view that as entrepreneurs who have benefited from a set of public sector services they have some responsibility towards the good functioning of these services:

> "As a network user, I believe it is also important to question its good functioning, and wonder whether it is improving. Are there other owner-managers who benefited from the services offered? But benefiting from it is also about sustaining it. So, some training took place within the Industrial Committee. And indeed we used this Industrial Committee to redirect Présence Rhône-Alpes, once again to ensure that it is listening and effectively supporting industrial owner-managers." (RDT Private Sector Director, 1999a)

However, the shift was not straightforward. It meant that the gang of four needed to convince service providers that the formation of their own, separate, network was the best organisational set up in the region. This involved open recognition of the shortfalls in combining service prescription and service provisions:

> "It is true that from the point of the service providers it was not easy; because there was an acknowledgement that they were not alone on the market place. There are intermediaries whose mission is about providing the best service possible to SMEs, they don't sell services, their mission is global and aims to promote technological development, rather than providers' specific services. Besides, as providers they will no longer be able to prescribe their services in order to access public sector development funds." (Senior Conseil Regional Manager, 1999)

The creation of a supply side network seems to have been one of the important elements that facilitated providers' exit from the partnership in 1998. While this case study focuses purely on Présence Rhône-Alpes, it also acknowledges that early

discussions and progress in the establishment of such network may have implications for Présence Rhône-Alpes; they are therefore covered in the next section.

5.4.2.2 Co-ordinating Supply with the RITTS Programme

RITTS stands for 'Regional Innovation and Technology Transfer Strategy'. It is a DG13 programme targeting regions. It aims to enhance the level of coordination between public and private sector infrastructures in the fields of technology transfer, innovation and research (Chamber of Commerce Senior Manager , 1999). In Rhône-Alpes, the gang of four have used this initiative to speed up the 1998 status change and have expressed clear support for the creation of a supply side network. The Chamber of commerce manages the project and private consultants have been brought in to set up this new network by 2000:

> "Given that we are working on industrial needs and demand, the Ministry of Education, Research and Technology pushed us to work on supply, to reflect on ways of improving its level of visibility, its co-ordination and cohesion. This involves getting around a table universities, public schools, research laboratories, and technical centres in the first instance. There are multiple actors offering service in the field of technology transfer. These include technical centres, the laboratories run by universities, the public schools – which are all together a world apart-. One can argue that technical and vocational training colleges are part of the infrastructure, alongside laboratories from the CNRS, or the INSER... So as part of the RITTS initiative, we are currently initiating a programme together with the DRRT, the DRIRE, the Anvar. It aims to federate to a greater extent the supply of technological services." (Chamber of Commerce Senior Manager , 1999)

> " The supply-side network will be set up by the end of the year. It will be born in the XXth century. Its mission? This network will not be solely a structure where service providers will benefit from professional development. We will tackle a much broader agenda, which is about enhancing the value created by public sector research." (DRRT Chief Executive., 1999)

> " In other words, and much in the same way as we tried to federate people prescribing services, we are trying to federate those who are likely to provide technology transfer services and who belong to the public services, given that the private sector is beyond our remit" (Senior Conseil Regional Manager, 1999)

This supply-side partnership was not yet born at the time of the study, yet challenges were already clear. For one of the private sector directors, the supply-side is way too fragmented and organised according to organisational turf and ministerial departments. Such fragmentation does not respect the need of small firms for an integrated approach:

> "One of the first issues we raised at the Industrial Committee, is what we called 'global offer'. Service provision is not global. It is split into thousands of pieces. Our projects as small firm owner-managers are not. We are not split into multiple specialities. We deal with all aspects of our business. We find in front of us highly specialised people. If we want to develop an overview of the business, we need to go through our life histories 36 times over, because each of the 36 counsellors we will see will focus on a tiny part of our life. Nobody is interested by the whole. So to our civil servant friends we say: 'you are really very kind, really nice. But you are certainly not organised according to our requirements as small companies; you are organised according to your own constraints of ministerial representation and of various other remits and

functions you have been given. Therefore you will only be in a position to support the small firms effectively, the day you will be able to put in front of us a global offer.'" (RDT Private Sector Director, 1999b)

In conclusion, the 1998 change of status for Présence Rhône-Alpes signalled the dawn of a new area for the partnership. Separating from service providers, Présence Rhône-Alpes fully focused on the provision of counselling and diagnosis services. Their remit remained growing the market of services users, by signposting towards the most appropriate services, whether public or private. However, the sources of conflict that could arise when service prescribers were also potentially service providers were removed. This major restructuring exercise was achieved thanks to Présence Rhône-Alpes's focus and on the most challenging segment of the SME sector (the 1 to 50 employees - acceptable to service providers who in the main are more comfortable working with medium sized companies). It was also made possible thanks to the clear support of the gang of four, who offered service providers the opportunity to create their own network and subsequently led the process with the appointment of the Chamber of Commerce as the project managing institution for the RITTS programme.

Overall, the implementation of this meta-strategy demonstrates a remarkable congruence in institutional leaders strategies and highlights their ability to reach agreement in circumstances where opposition is to be expected. However, hidden behind this success story lies an unacknowledged policy failure. As we have shown in chapter 2, the need to structure the supply of technology transfer services was one the primary objectives of all RDTs nationally. By separating from service providers, Présence Rhône-Alpes acknowledges implicitly its failure to deliver on that account. The partnership's focus on demand is overwhelmingly welcome by regional policy

makers. But the challenges that face the new supply-side network (developed under the auspices of the European RITTS programme) seem rather like those that presented themselves to Présence Rhône-Alpes 10 years ago. This study does not aim to establish whether Présence Rhône-Alpes is to blame or whether the national policy in itself was or still is flawed. These innovative regional developments do however highlight the significance of interactions that may exist between the national and the regional spheres of policy making and the practical implications they may have in terms of implementation.

5.4.3 Broader and Wider Service Provision

The above calls for an integrated range of public sector services reflects debates on the need for more generalist diagnosis and counselling services within the partnership. In parallel to these debates, the establishment of mini-networks designed to enhance local support availably is progressing, paving the way to extensive local coverage of the region by Présence Rhône-Alpes. Developments towards a broader and wider range of services are considered in turn in the next two sections.

5.4.3.1 Call for More Generalist Support

Partners within Présence Rhône-Alpes are engaged in numerous discussions on the nature of their partnership's services. It is clear from earlier sections that the partnership will only provide diagnosis and counselling services. However, counsellors' high level of technical specialisation is questioned by some who wish to see the development of a more generalist approach to diagnostic. While most interviewees recognised that this was an important issue for them, the range of ideas and points of view is so wide that the partnership appears to be still at the very early stages

of negotiation on this topic.

The Chamber of commerce representative suggested that a way forward would be to extend the use of the PTR to more generalist types of support, while at the same time recognising that the partnership may need to build on it current successes rather than push for a development that other partnership members are likely to oppose. Interestingly, the ANVAR, which is the body providing funds for the PTR, does not openly reject the idea, however they emphasise that such types of consideration are part of an ongoing debate within Présence Rhône-Alpes and changes are not foreseeable in the near future:

> "Perhaps new tools that will be put in place. I do not believe that we have exhausted the range of services currently available, in any case I do not believe that our services do not meet demand. So, if you like, the 'toolkit' is not meant to evolve, other than having a wider implementation scope for the PTR... But I do not foresee major evolution... I might be mistaken... One should not necessarily change things that are working well. It took us ten years to build the network. I think that we now need to take the time to maximise the value it creates". (Chamber of Commerce Senior Manager , 1999)

> "This is a possible development. We did not do anything about it, not because it is a source of conflict, but because it remains a debate within the partnership. IT is about asking ourselves whether we could extend the use of the PTR, and what would the necessary conditions to do so... We are asking whether this grant for technology could be turned into something, which would be addressing economic issues as well. At the moment I have no definite answer to this question. The debate can be included in our assessment of demand, small firms needs and the adequacy of supply." (Anvar Deputy Chief Executive , 1999)

Those one may least expect to do so, reject the very principle of financial support. Indeed one of the partnership's private sector directors highlighted the unhealthy consequence of such practice: the emergence of a breed of unwelcome entrepreneurs, labelled 'grant hunters' accompanied by an even less welcome species of consultants who sell their services on the basis that their fees will be covered by financial support raised for customers. The private sector director, who made these comments, then outlined how suspicious small firm owner / managers become of services that are promoted to them weekly by a range of unconnected and sometimes unprofessional individuals:

> "In fact, I believe that the grant system, the handing over of money, is a polluting practice. Firstly because it creates a specific bread of grant-hunters. And it creates a suspicion between the company and public sector service providers: 'these people are looking for money? Does this correspond to some kind of reality? Is this a legitimate application?' So we end up with a huge control trail... and suspicion. [...] There are even consultancy agencies that offer you their services and recoup their fees with the grants. As small firm owner-manager you are visited every week by professional grant hunters who tell you that you are entitled to a whole range of things and that if they were to intervene, they would get their money through the grants and therefore we, businesses, would not need to pay a penny. It is extremely unhealthy, it creates a whole range of wrong assumptions and distrust between public service representatives and small firms" (RDT Private Sector Director, 1999b)

Both ministry-representing bodies in regions, the DRRT and the DRIRE, formulate the debate on services slightly differently: instead of focussing on the possibility of extending the scope of the PTR grant, they move towards a broader discussion of service improvement. More specifically the DRRT sees the need to accompany

companies and coach them through their development process. Their approach is consistent with that of the DRIRE, who suggest that the partnership's new status created scope for such an evolution:

> "This may indeed suggest that we will have to develop specific tools, a kind of tailored services for these people. New factors have emerged. The request for long term coaching for example is entirely new. It was not included in the partnership's range of services at the outset; they focused on signposting to the most suitable service provider. Today, owner-mangers tell us that when signposting we don't do our job properly, they want technology counsellors to coach them [...]. They are blackmailing us. But it is sometimes difficult to reject their request, because these days each job is counted." (DRRT Chief Executive., 1999)

> "So, the evolution that we may expect in Présence Rhône-Alpes, is the following: always starting with technology, the RDT acquires a ranges of competencies, and becomes capable of sustaining a dialogue with owner managers, which takes into account their entire business. In relation to Présence Rhône-Alpes, we have built in provisions for this development" (DRIRE Chief Executive, 1999)

This desire for a more generalist interface is highly consistent with private sector partnership directors who commented on the issue. Like the DRIRE and the DRRT speakers, one of them associates coaching with the development of a broader range of skills by counsellors. His argument is that when a firm identifies technology as a problem area, it is likely to have developmental issues that need to be addressed in other parts of its organisation, including for example marketing etc. The same commentator also acknowledges that this represents a dramatic shift from PRA's culture. For long, the partnership's culture revolved around service provision –that is a supply driven

rationale. The other director acknowledges that the issue is a destabilising one because it challenges the balance that Présence Rhône-Alpes has achieved to date and raises issues that remain contentious between partners:

> "Our analysis in the Industrial Committee, focuses on the need to enhance counsellors competencies. When required, they need to be able to shift from a technological diagnosis, towards something a lot more holistic. This necessitates the establishment of a strong trust relationship. If a business is asking questions about technological development and the ways in which this can be financed, it almost certainly has issues somewhere else. If we intervene on an isolated element, we will not necessarily be successful with that company. Hence the need to move towards a more global approach of the business, by looking at marketing, organisational processes, changes processes etc...[...] This represented significant work by the Industrial Committee on deeply rooted values. In the past, the culture was one of service provision. For example if Présence Rhône-Alpes was needed on a technical problem, we would send in the technical expert that fitted. To achieve successful development in a business one needs to dig a bit deeper" (RDT Private Sector Director, 1999a)

> "This is an issue we have raised many times internally: we say that Présence Rhône-Alpes is all about technological development... What does this mean? Where does technological development stop? Technological development is tightly linked to other business processes [...]. For partners it raises issues in relation to the coherence of service provision...[...] So, here, we are dealing with a destabilising matter, focused on the need to offer a more generalist approach. This challenges our institutional partners." (RDT Private Sector Director, 1999b)

And indeed, this potentially creates a conflict within the partnership, with the signs of a schism appearing between government representing bodies and the Region. We have seen earlier that both DRIRE and DRRT accepted the principle of a broader service, however this is strongly rejected by the Region:

> "At the moment there is a natural tendency to push for a global approach to small businesses, that is to consider all their dimensions. This is a big issue for us, because, on the contrary, we wish to say: yes, small businesses have a multitude of problems, yes everything is linked, and technology may not be what needs to be resolved first. In any case, we maintain the position that technology is an excellent entry point. We maintain that the network must remain focused on technology. The natural tendency, mainly from metropolitan areas and to some extend for [the partnership manager named] is to suggest that the counsellor hardly ever restricts his or her activities to technology and sometimes there may not be a technological issue. We are extremely suspicious about this." (Senior Conseil Regional Manager, 1999)

In conclusion, partnership members have initiated a range of discussions about the need to provide SMEs a range of services that are broader and that allow long-term client mentoring. They have nonetheless not established the means by which this goal should be achieved, indeed some respondents refer the range of skills counsellors possess, while others focus on the possibility of extending the scope of the PTR to non-technology areas, while others actively criticise the use of grants altogether highlighting the negative impacts they have.

Therefore, debate on services is largely open. At the time of the interviews, the nature of changes and even the need for change were by no means unanimously agreed. Not only were there variations in the range of approaches suggested, but also some, like the

Conseil Regional representative- strongly oppose the possible inclusion of non-technology focused element in RDTs remit.

5.4.3.2 Creation of mini-networks at local levels

While the above discussions and debates on services are going on, the RDT has validated the need to extend its geographical coverage across the region and in particular to develop its presence at the local level, with the establishment of mini-networks. Given the nature of these networks and the local actors likely to be involved in them, the mini-networks may well turn out to become the Trojan horse for those in the partnership who wish to see Présence Rhône-Alpes broaden the range of services to small businesses.

In this section, we will initially present what these mini-networks are and we will then illustrate how they could pave the way to the generalisation of a broader approach to small businesses.

The establishment of these mini-networks is clearly seen as one of the next big challenges for the partnership. It is an interesting form of expansion, because it entirely relies of the partnership's network operating philosophy, the only difference is that the creation of these mini-networks takes place at the local (e.g. metropolitan or départements) level.

The challenge is undeniable: current partnership members aim to replicate many times over the operating structure that they were able to grow into a successful structure (from their point of view) over a 10 year period. The importance of the 'human dimension' is highlighted in interviewees comments: getting to know new partners, opening up to

their perspectives, engaging them in the partnership's mode of operation and activities, developing a collaborative culture amongst people and organisations that would normally operate in isolation of each other are the type of hurdles that are expected:

> "I believe they will have to learn to work together, to develop a common sensitivity, which ultimately will emerge and conflict with ours. Our approach is regional. They [the mini-networks] can bring us a local, territorial perspective. There is a whole history behind all this. There are different levels. The State has acknowledged that Regions had souls. The region needs to accept that there are local authorities, and institutions with which it needs to work. We need to equip them, we need to structure them differently, hence the valuable contribution of local authorities (beyond the financial contribution, since they contribute financially). Beyond this aspect, there is an enormous wealth, which will demand an adaptation period." (DRRT Chief Executive., 1999)

In conjunction with these concerns, the rather directive and rigid approach to setting goals and defining mode of operation for these mini-networks, even the fact that local authorities contribute financially – in the same way as regions co-finance with the government regional RDTs - mirror central government's approach in dealing at the regional level:

> "There are some rules that are explicit... If needed, I believe, we will make them explicit. We started to do that in two thematic areas [...] numerical technologies and new information and communication technologies. In these areas, we very clearly expressed the way we function by saying that we wanted to extend our model through their participation, and by no means did that mean setting up or developing another one. We also very clearly articulated the rules reflecting our ambition in terms of operation, the minimum regional ambition.

So starting from there, when we establish structures and tools the regional interest will prevail over specific interest." (DRRT Chief Executive., 1999)

The strategic role of these mini-networks is likely to stretch beyond enhanced geographical coverage. Indeed their establishment already outlines potential turf conflicts with economic development organisations established or being set up at département level. The DRRT and the region have identified this potential source of conflict, but their emerging responses vary dramatically and mirror their differences over the debate of broader service provision. From the point of view of the regional representative, generic business support and economic development service providers exist, or are growing in numbers, partly due to the governmental push for the establishment of 'economic development networks' at the level of the département[24]. The interviewee, highlighted that if Présence Rhône-Alpes was to change its approach to service provision, and offer a generic diagnosis service as opposed to a technological diagnosis (something they oppose as seen above), it would be trespassing on these organisations' turf:

"We need to stay on what we are good at. It's true that in the landscape, these people who are trying to promote a global approach to small firms... It is true that in our region there is already a multitude of local development agencies, people engaged in that direction..." (Senior Conseil Regional Manager, 1999)

On the contrary, The DRIRE director presents the growth in numbers of these development organisations as the very reason why Présence Rhône-Alpes needs to address other small firm issues than technology. Service development is seen as a means of tackling the growth of organisations that are presented as disturbers of the

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[24] These RDE (Réseaux de Dévelopment Economique) or Economic Development Networks, mirror in their structure the RDTs, but are meant to be established at the département level (as apposed to the regional level) and are meant to address broader business issues (as opposed to purely technological issues). However, their nationally defined target market is the same as that of RDTs. Likewise, their establishment throughout the French territory has been promoted by the government since 1999 (athough initial pilots are much older).

regional institutional balance. As these Economic Development Networks are to be established at the département level, they theoretically will clash with the mini-networks set by Présence Rhône-Alpes, hence the need for urgent action:

> "In the DRIRE, in Rhône-Alpes, this got red flashing lights going, because if we imagined that each of the eight prefects in the départements were to implement [the RDE policy], we were creating for ourselves positioning conflicts between these Economic development networks and Présence Rhône-Alpes's mini-networks. For me, it could be perceived as a menace endangering the entire set up. I told you in some cases the RDE was set up and in others it was being set up etc... Therefore, this may have accelerated the orientation I referred to earlier, which is to broaden mini-networks' services beyond technology. [...] So, I believe that the way we took the RDE initiative into account in Rhône-Alpes is such that we transformed it into something positive, which enabled us to validate the principle that the RDT can go beyond technology and we were able to progress implementation in some départements" (DRIRE Chief Executive, 1999)

In conclusion, partners in Présence Rhône-Alpes have set out to enhance its local coverage in a very deliberate manner, aiming to replicate at the level of départements the network-based operational structure it took them over 10 years to fine tune at regional level. While there is recognition of the challenges involved in building collaborative relationships with new partners in the proposed 'mini-networks', partners appear to be replicating the rigid and directive manner central government used with them for the establishment of Présence Rhône-Alpes. Indeed, ground rules are set and regional partners established them.

In parallel to the implementation of this growth strategy by Présence Rhône-Alpes, RDEs (Réseau de Development Economique) are being established in the same geographical units (départements) and are supported by the government. While RDEs' service are generalist their mode of operation (network structure) and their target market (small firms) are the same, creating immediately potential turf conflicts. This situation is read differently by two of the leading partners. From the point of view of the DRIRE, this development pushed Présence Rhône-Alpes to provide services that stretch beyond technology, particularly at its mini-network level. Therefore what they perceived as a threat initially has given them the latitude to forward the agenda of those who are campaigning for generalist and holistic support by Présence Rhône-Alpes... to the apparent detriment of the Region, expressing caution and concern as organisational remits are being blurred further.

5.4.4 Building a Shared Culture

The DRRT representative highlights and illustrates with detail how the partnership's strategic leaders have over time established new ways of working. Collaboration was a challenge for these individuals, who had been accustomed to being masters in their castles and whose turf was clearly delineated and separate from that of their counterparts in similar types of public sector organisations. The changes meant that they had to develop an appreciation of collaborative work, its impact on control and leadership. They needed to progressively develop a set of shared meanings and values that underpinned their collaborative efforts from there on. This process required a long time:

> "Everyone used to work in their own backyard, with their own network and variable performance. Here we pooled common needs and interests, which enabled us to share a range of things." (DRRT Chief Executive., 1999)

"Everything was difficult, if I may say. Everything was difficult, obviously, because we had to learn to work together, and we did not know how to do it. [...] We too had our territories, our responsibilities, our practices, our ways of doing things. Suddenly we had to share, define together, we had to understand... It took us a few years to ensure that this network did not become a power stake, but indeed a developmental tool designed for businesses. [...] Since the very beginning, it was very clear in meetings that this was a developmental tool for businesses, but the most important question remained unspoken and plagued the partnership: who was going to control it all?" (DRRT Chief Executive., 1999)

"The natural consequence then... In fact nothing occurred `naturally`, everything was difficult... Over ten years, we moved away from a structure that gathered everyone, towards something that is focused on service prescription and very small firms. This means that the RDT in Rhône-Alpes is quite unique." (Senior Conseil Regional Manager, 1999)

The emergence of a set of individuals (and the organisations they managed - the DRIRE, DRRT, the Anvar and the Region) as strategic leaders was not an accident, as they were among those mandated to pool efforts for the implementation of the RDT policy by central government (See chapter 2). However, their status as funding partners and the legitimacy they had either as representatives of central government (DRIRE, DRRT, and Anvar) or as the locus of regional governance (the Region) meant that they soon were acknowledged as the leaders of the initiative in the region, even though they could not be formal members of Présence Rhône-Alpes' board. As the number of their meetings increased, they created an informal leadership structure that still prevails today : the so-called `gang of four`:

> "Then started the vicissitudes of marriage between the State (represented by the DRRT for technological research related issues; by the DRIRE for industry related issues, the Anvar, which is one of our public sector bodies responsible for innovation and the Region. We have had to get to know each other, to learn to work together, to define a common strategy. This indeed created the 'gang of four'." (DRRT Chief Executive., 1999)

Collaboration, tension and conflict seemed to be intertwined, as most individuals in the 'gang of four' were not accustomed to this form of work. In some cases, outside intervention was required to resolve conflicts that could not be addressed by the key players themselves. In other cases the pace of development and change reduced dramatically, merely allowing the partnership to survive:

> "So we went through all the classical throes and difficulties; or to avoid problems, which was not better, we would have a 'soft consensus'; and in some cases, because we went through very difficult times, we retrenched, the network would operate without direction. [...] At a particularly difficult time, we accepted the principle of outside intervention, in order to analyse the way we functioned. Given the situation, the work was more of a diplomatic and political nature than of a technical one. Our mode of operation was not at stake, the issues were related to the personalities of those involved in the group, and sub-groups. It was about conflicts of interest, a whole range of things... a very classical set up.... [...] A 'soft consensus' is what pleases nobody but satisfies everyone, knowing that no advances are made on the topic at hand. [...] One agrees to the minimum, nothing is gained but one does not go backwards either. At some points in time, this 'consensus mou' delayed significantly a range of improvements, including the separation between service providers and service prescribers we mentioned earlier. It took us two

years to get that through." (DRRT Chief Executive., 1999)

The practical implications of successful collaborative leadership at regional level turned out to be far reaching and enabled a level of policy co-ordination not attained before :

> "At a political level, in Rhône-Alpes, the entire civil service, (so the DRRT, the DRIRE, the Region, and the Anvar) shares the same analysis. As a result, all potential sources of funding for economic development structures share the same strategies, so these structures are piloted. This is important for the good operation of the network. I believe that the political consensus on these issues was in my view critical to the success of this initiative" (Senior Conseil Regional Manager, 1999)

> "This is a caricature, but it shows well our willingness to work together. When we meet around the table... (This happens frequently between the Anvar, the DRIRE, the DRRT and the Region...) We do not always have converging views. Our [ministerial] affiliations are different too. We also have specific [institutional] objectives. Nonetheless this enables us to have a debate and a common understanding of key policy orientations." (Anvar Deputy Chief Executive , 1999)

This increased level of collaboration at the highest levels is seen as a clear strength when dealing with regional policies. Bodies representing different government departments consult each other and are able to present a very coherent message to regional interfaces.

> "Afterwards, we pool efforts towards sharing the same bed, that is sharing goals and setting up strategies because in all cases the general interest will prevail. As far as government representing bodies are concerned - because often the 'gang of four' will pull other partners from the region and there is the

region itself... For the State the challenge is to ensure that despite the sensitivities of each individual, that there is a unique 'governmental' line, this is really very powerful, it is also an essential safeguard. This is part of the partnership's achievements, all the more as the region is very strong thankfully, she is more important, and she has her own history." (DRRT Chief Executive., 1999)

Formal policy debates seem to be preceded by informal meetings and discussions where key issues are resolved. The modalities of collaboration appear to be very specific to the gang of four. Features amongst these an acknowledgement of mini-coalitions, and the critical importance they can have in decision-making because of the legitimacy acquired by multi-party support.

"Nowadays, you go and see people and tell them: 'this is what they want to do, what do you think? This is really powerful, I believe it is a fundamental achievement" (DRRT Chief Executive., 1999)

"These [coalitions] are very explicit in the debates we have had. There are alliances. [...] The advantage of having an ally is that you can defend an idea as opposed to a personal point of view. It is not about saying something to annoy others, but we are four and there are a number of us who think the same way. It lent weight to the argument. It meant that it was not a technical argument designed ultimately to control, or justify political strategies. But it was indeed about promoting small businesses happiness." (DRRT Chief Executive., 1999)

The formation of this social network, or 'community of practice' appears to be a powerful moderating force when new governmental initiative are announced, which could potentially upset regionally achieved balance / equilibrium in inter-organisational

relationships. This was particularly the case of the RDE initiative, more recently launched by the government. The regional reaction was to turn that into an opportunity as seen earlier (repeated quote):

> "In the DRIRE, in Rhône-Alpes, this got red flashing lights going, because if we imagined that each of the eight prefects in the départements were to implement [the RDE policy], we were creating for ourselves positioning conflicts between these Economic development networks and Présence Rhône-Alpes's mini-networks. For me, it could be perceived as a menace endangering the entire set up. I told you in some cases the RDE was set up and in others it was being set up etc... Therefore, this may have accelerated the orientation I referred to earlier, which is to broaden mini-networks' services beyond technology. [...] So, I believe that the way we took the RDE initiative into account in Rhône-Alpes is such that we transformed it into something positive, which enabled us to validate the principle that the RDT can go beyond technology and we were able to progress implementation in some départements" (DRIRE Chief Executive, 1999)

The 'uniqueness' of Présence Rhône-Alpes structure and operations described by the regional representative is indicative of another feature of the relationship between regional players and central policy makers; which could be caricatured with a tale of turtles and hares. It is indeed clear from the above discussion that partnering in Rhône-Alpes proved a difficult art to master, and it took partners a very long time before they could be confident in their collaborative capability. Yet, it seems their unique partnership suggests that they nonetheless are ahead of central government:

> "I think we have always been a train ahead of government and their national guidelines. The national policy on RDT is still about gathering all service provider and service prescribers together. It is still that. This did not stop us

move beyond that in Rhône-Alpes and we refocused on service prescription. The trend is set and developments are taking place in other regions too. Aquitaine for example." (DRIRE Chief Executive, 1999)

It seems that the collaborative working practices of the partnership have become embedded in each of the partners' organisational routines. Indeed some interviewees argue that even though individual leaders may change, the collaborative work ethic as well as its inherent fragility are likely to persist:

"People will change of course, there may be a number of things that will be able to evolve, but I believe that the underpinning structure is embedded. We can not go back, we have to work in this way. [...] I refer to classical issues associated with group dynamics, we were not accustomed to these in the French civil service. [...] We have had to talk, take time, I believe that today much depends on people, because that collaborative work also remains fragile"

5.4.5 Conclusion: The Difficult Birth of a Prodigy Child

"In conclusion, the unanimous position that Présence Rhône-Alpes' birth was a very difficult one. It is always the case, because there are political constraints, power struggles, personality clashes, communication problems, etc... There is also a history. But we are also unanimous in thinking that it is a success." (Chamber of Commerce Senior Manager , 1999)

The above statement best summarises the story of Présence Rhône-Alpes. The building and strengthening of the partnership was fraught with difficulty, conflict and crises. The open and sometimes forced acknowledgement of these; the acceptance that such hurdles are part and parcel of partnership negotiation processes, have enabled partners to implement bold and innovative moves. Such evolution has had costs, including the

time required to build consensus (measured in months and sometimes years). These costs also incorporate unrecoverable conflicts, which have led to the departure of the partnership manager, the status quo that resulted from the subsequent lack of leadership. Has Présence Rhône-Alpes as an inter-organisational set up and an entity in its own right learnt anything from these experiences? Are there discernable organisational learning processes that can be surfaced from the stories that members tell? Are there clearly shared norms and values that can be attributed to the partnership? If so, which processes underpinned their formation? The next section analyses these issues.

5. 5 Inter-organisational Learning at Présence Rhône-Alpes:

5.5.1 Introduction

This study's overall aim is to analyse inter-organisational learning processes. In order to do so it is relies on the assumption that learning and associated concepts can be 'surfaced' from participants' stories and testimonies on a set of broad themes, (partnership history, goals and objectives, operations etc.). These themes were so far used to build a detailed account designed to give readers a good understanding of Présence Rhône-Alpes.

In this section we aim to conduct a conceptual analysis of learning processes that underpinned Présence Rhône-Alpes's development. We will therefore examine the two research questions in turn.

5.5.2 Question 1: Are Value Crises and Operational Crises Components of Partnership Learning?

5.5.2.1 Introduction

Value and operational crises were defined as events which threaten the continuity of the partnership either as a result of actions and decisions inconsistent with the partnership's values and norms (value crisis) or as a result of failure to implement agreed decisions (operational crisis). These constructs were put forward following the review of the literature on organisational learning. It was proposed that learning in a partnership context is linked to the emergence and resolution of either form of crises.

This section's objective is to empirically test whether value crises and operational crises are components of partnership learning.

To do so, the analysis will centre on private sector involvement in the partnership and in particular on the crisis that led to the departure of the partnership manager, for which an account was given in section 5.3.4.

5.5.2.2 Private Sector Involvement: Value Crisis and Operational Solution

The story behind the resignation of the partnership's managing director is rich in learning processes. The analysis of segments of learning which rely on the principle of private sector involvement illustrates how useful the partnership learning spiral is in modelling empirical data:

Figure 5-1: Involving the private sector: value crisis and its operational solution

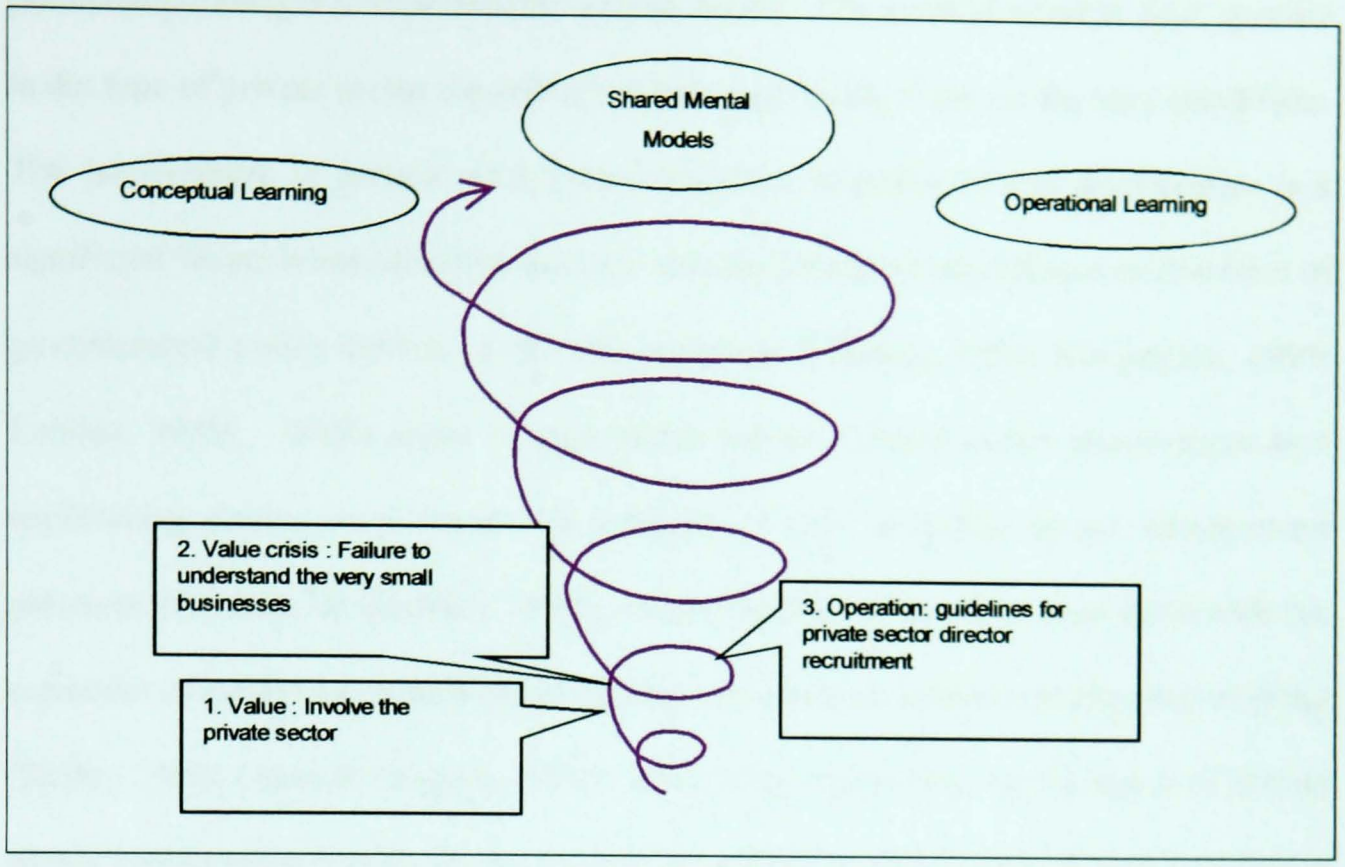


Figure 5.1 above shows that the principle of private sector involvement, an underpinning value of the partnership since its inception, became the source of a value crisis in the partnership, as the appointed partnership managing-director failed to be sensitive to the needs of the very small firms despite of his private sector background. The operational solution that emerged as a response to this crisis was the creation of clear guidelines for the recruitment of future private sector partnership directors. The learning that resulted from this process is a redefinition of the partnership's original value 'involve the private sector'. Far from rejecting the principle, we observe here that the partnership reinforced it by refining its scope to 'involve private sector directors who have experience of the very small firm context', the new redefined value. In this instance, the learning is akin to what Argyris and Schön (1978) call double loop learning in which there is 'a double feedback loop which connects the detection of error not only to strategies and assumptions associated for effective performance but to the very norms which define effective performance' (Argyris & Schön, 1978p. 22). Here

the original organisational norm for performance was the requirement for the partnership manager to represent the private sector. The evolved norm is more specific in the type of private sector experience required given the focus on the very small firm. The involvement of private sector representatives in public-private partnerships is a significant theme in the literature that accompanied the growing reliance on this form of governmental policy delivery in the UK or France (Harding, 1990; Kirkpatrick, 1999; Lorrain, 1988). While some commentators present private sector involvement as a legitimising device or a means of initiating change in public sector management practices (Osborne & Gaebler, 1992), others emphasise the risks associated with the surrender of public accountability and policy ethos that accompany partnership working (Bailey, 1993; Greer & Hoggett, 1999). Most of the discussions on the nature of private sector involvement revolve on the business benefits that can be derived from investment in the partnership (Boyle, 1989; Glaister, 1999; Tilson et al., 1997). Unfortunately, there seems to be very little published on the suitability of different kinds of private sector involvement to specific projects or initiatives. Considering that the theme of private sector involvement as a whole is invaluable, particularly in relation to its broad implications in terms of governance, accountability and the notion of welfare (Davies, 2002; Hudson & Hardy, 2001; Pacione, 1992; Sanderson, 1996; Geddes & Martin, 1996) a more detailed analysis of the nature of private sector involvement may be required in order to understand why in some cases private sector involvement fails while it succeeds in others.

Indeed, the partnership learning cycle analysed above suggests that private sector participation *per se* may be a fruitless legitimising device, which in some cases can endanger rather than benefit the partnership. Private sector partners need to have a deep understanding and a high level of empathy with the goals and objectives of the partnership to which they contribute. In the case of Présence Rhône-Alpes, a strong

personal background in the very small companies (the target market of the partnership) turned out to be a fundamental requirement.

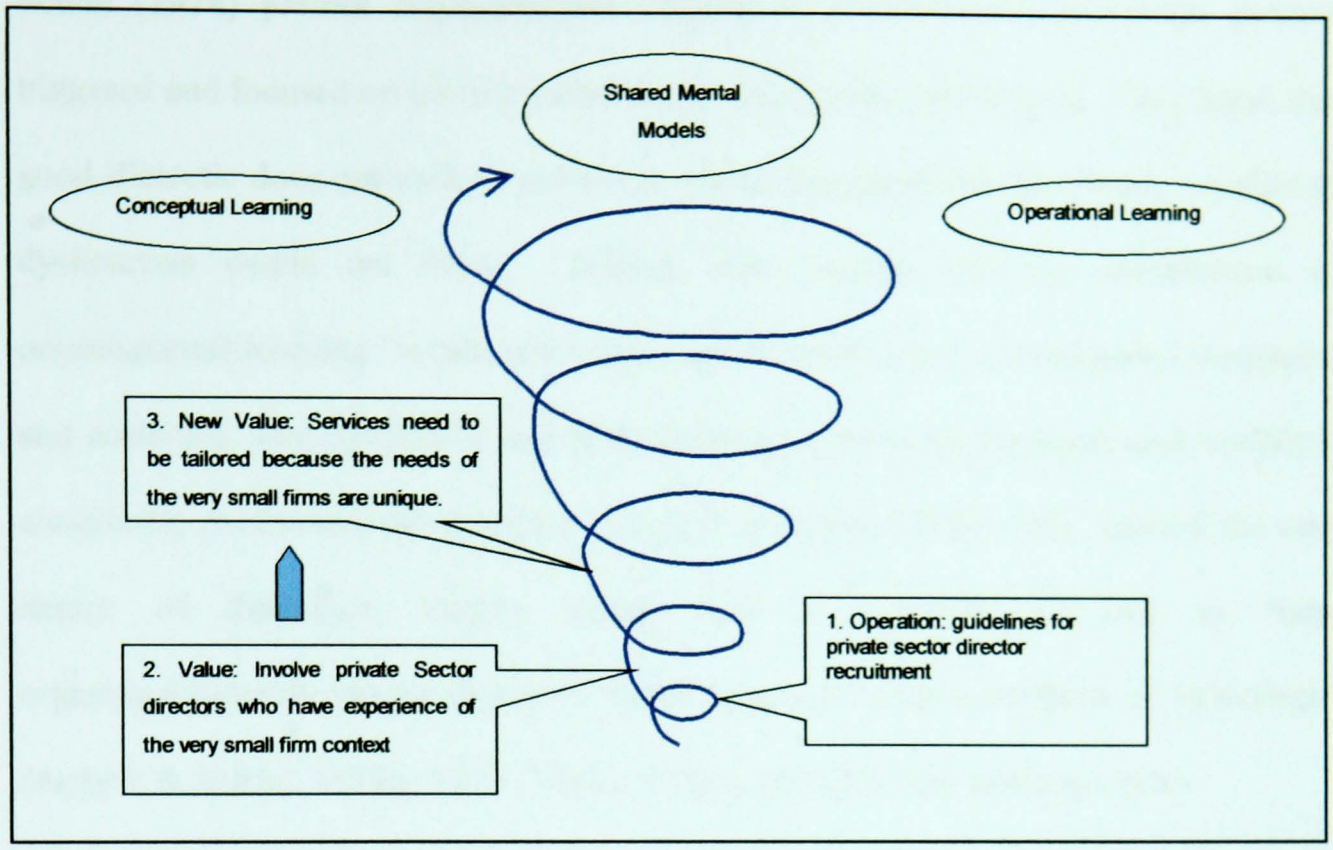
5.5.2.3 Tailoring Services to the Needs of the Very Small Firms: Unexpected Path for Value Formation:

Systematic coding for the value 'involve the private sector' leads to additional findings highlighting aspects of partnership learning not originally anticipated. Indeed the recognition that private sector directors needed to have experiences of the very small firm context in order to make valuable contributions to the partnership seem to have triggered a parallel learning sequence, this time focussing on the suitability of services.

Figure 5.2 suggests that the emergence of a new value 'involve private sector directors who have experience of the very small firm context' has in itself triggered the formation of another value 'services need to be tailored because the needs of the very small firms are unique'. This type of learning path (formation of a new value, followed by the formation of another value) was not anticipated. The original design of the learning spiral relies on the assumption that there is an iterative relationship between conceptual and operational learning.

The evidence here suggests that new values can in themselves lead to other new values.

Figure 5-2 Involving the private sector: conceptual learning re-iterated



In his work on organisational learning, Kim (1993) distinguishes two elements within the generic terms 'organisational mental models'. These are 'weltanshaung', i.e. the locus of an organisation's values and deeply held beliefs, and 'routines', i.e. the organisation's memory of common practices and operational solutions, which may be explicit or implicit. This distinction is helpful because it shows that organisational learning can take different forms. It can manifest itself as a very tangible/operational change of practice (perhaps a new way of conducting a task), or it can be less tangible and affect organisational values and principles. These ideas were precisely those upon which the learning cycle was built. It is implicit in Kim's work that the formation of new values and principles (contributing to its 'weltanshaung') follows from operational learning. Like most writers on organisational learning, he emphasizes the iterative and cyclical nature of organisational learning. Data however show that this may not always be the case.

In *Organizational learning, a theory of action perspective,* Chris Argyris and Donald Schön (1978) present organizational learning as a continuous dialectical process triggered and focused on solving problems, conflicts and dysfunctions. They argue that good dialectic does not seek to achieve a stable organisational state where conflict or dysfunction would not occur. Instead, they suggest that the effectiveness of organisational learning "is inherent in the ways in which error is continually interpreted and corrected, incompatibility and incongruity are continually engaged, and conflict is continually confronted and resolved." (Argyris & Schön, 1978p. 146). Indeed, the very nature of dialectical inquiry means that it is likely to lead to "new organizations/environment situations which give rise to new conflicts of objectives" (Argyris & Schön, 1978p. 147). These, in turn, generate new learning cycles.

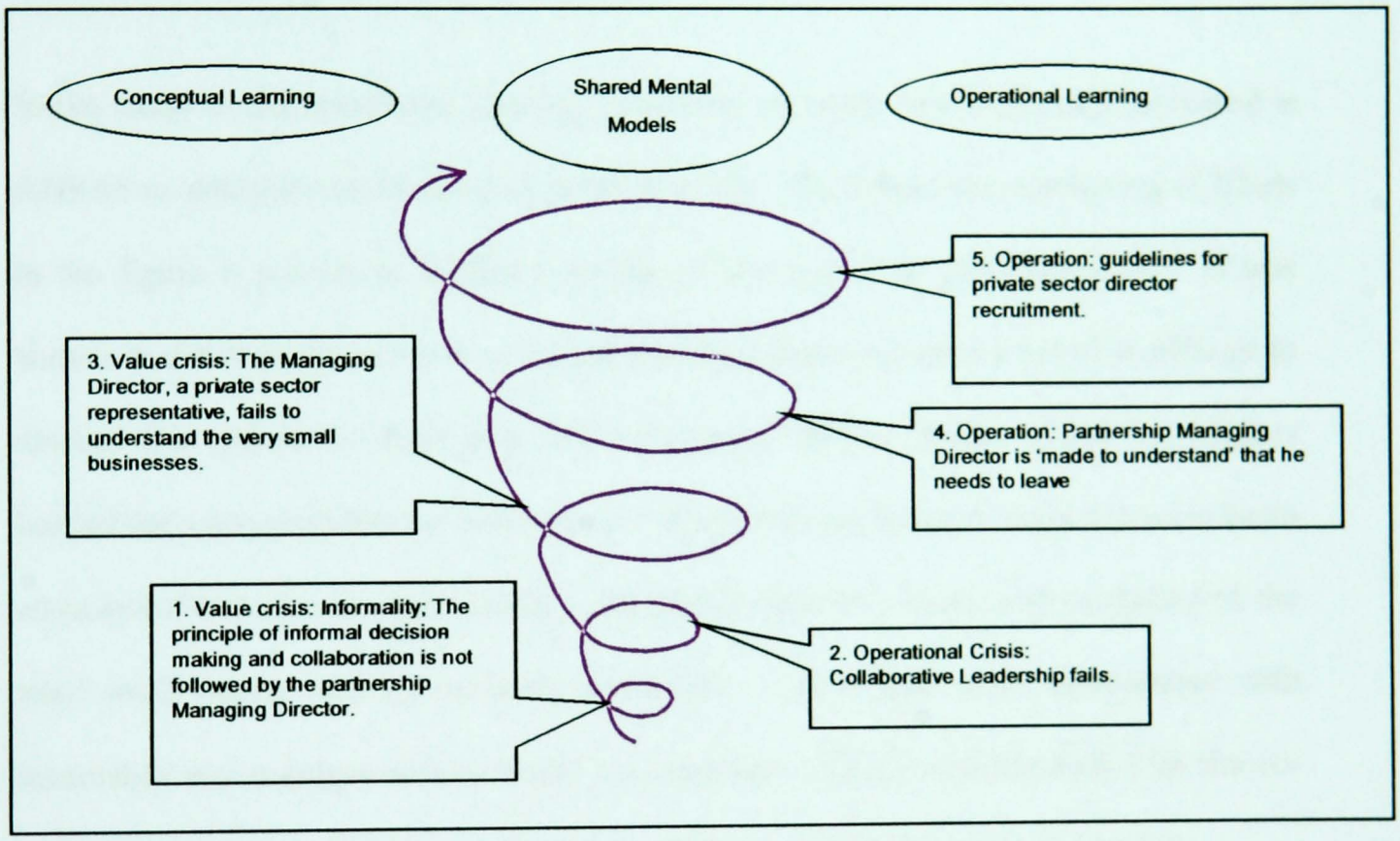
In the case above, learning about the range of skills and experience the partnership manager has changed the partnership's task environment and as such led to the questioning of services offered to the very small firms. This evolution however could not be characterised as a 'conflict of objectives' on the basis of interview evidence gathered. Instead, the change in norms and values appears to have followed a rational, if not natural, progression.

The above suggests that in our exploration of partnership learning processes, it may be more suitable to refer to dialectical processes (as opposed to iterative processes). This in turn calls for further exploration of the ways in which partnership learning is represented.

5.5.2.4 Reshuffle: A Three-Way Crisis Precipitates the Manager's Departure

Figure 5.3 shows that the crisis that resulted from the recognition that the partnership's managing director's background did not provide him the skills to be sensitive to the needs of the very small firms was in fact doubled by another significant crisis related to the value 'Informality'.

Figure 5-3: Learning from a three way crisis: private sector involvement, informal management and leadership breakdown



'Informality' is an 'in vivo' code (Glaser & Strauss, 1999; Strauss, 1987); therefore the meaning of this value is specific to this partnership's context. It refers to collaborating parties' reliance on informal decision-making, informal structures, and informal liasing amongst partners. This value seems to have evolved over time, and mirrors to some extent institutional partners desire to emphasise collaboration within Présence Rhône-Alpes as apposed to its possible institutionalisation.

The crisis related to the 'Informality' value stems from some of the unilateral decisions that were taken by the partnership managing director, in particular in relation to

marketing and PR, which de facto increased Présence Rhône-Alpes' profile in the target market. However, it also contributed to a degree of institutionalisation of Présence Rhône-Alpes; the collaborative ethic within the partnership became to some extent second to what the collaborative body could do for its target market. Further, collaborative leadership broke down as partners drifted apart and stopped interacting with one another for the strategic management of the partnership (a process called 'distancing' in Argyris and Schön's 1978 publication), leading to the ultimate resignation of the partnership's managing director.

In the study of this particular learning sequence, the order in which crises occurred is difficult to establish on the basis of empirical data. Therefore, the numbering of labels in the figure is merely to facilitate reading; the sequence is only illustrative. It was shown in the historical review of the partnership, that respondents found it difficult to discuss this episode of their past, and only some offered insights about the triggers behind the managing director's departure. When this was the case, there tended to be an association between the partnership's managing director's weak understanding of the very small sector and his ultimate departure. There also were associations with leadership and management style and his departure. This is well illustrated by the co-occurrence of the two value crises discussed above and illustrated in figure 5.3.

The original partnership learning cycle suggests that a specific crisis leads to a corresponding operational solution. Here however, interviewees' responses seem to intertwine two different types of crisis. Did these two co-occurring crises amplify one another and precipitate an operational solution that involved the departure of one of the key decision makers?

The context specific nature of the 'informality' value coupled with the general difficulty interviewees had to discuss these events suggests that we are dealing with

organisational theory in use as opposed to organisational espoused theory (Argyris & Schön, 1978). According to these authors an organisation's espoused theory of action tends to 'conflict with the organization's theory-in-use (the theory of action constructed from observation of actual behavior) – and the theory-in-use is often tacit.' (Argyris & Schön, 1978p. 15). In this instance most of the comments on the crisis come from the partnership manager who at the time of crisis was a member of the partnership and therefore observed events as they unfolded. As he recounted these, he was (as current manager) conducting his own reflection on these events. In the process he was making explicit some of the implicit rules of partnering conduct he had observed. This has been described has 'surfacing mental models' by Peter Senge (1990a), who built on the pioneering work of Argyris and Schön on the notion of organisational images and maps. Senge defines metal models as 'deeply held images of how the world works, images that limit us to familiar ways of thinking and acting' (Senge, 1990a p. 174). An organisation's theory in use, evolved over the years, largely tacit and by and large determining how individual members act within it, is a fundamental part of organisational mental models. Because these rules of conduct and mental models are tacit, they are often taboo. In some instances, they may be inaccessible, unclear or inadequate, hence creating conditions for error and dysfunctional organisational dynamics (Argyris & Schön, 1978).

The reasons why the partnership director did not follow the tacit rule of informal consultation before he launched a range of initiatives within the partnership are not clear. With the data available, we cannot determine whether he was not sufficiently socialised within the tacit rules of the partnership, nor can we determine whether he simply judged this rule as inappropriate for the effective management of the partnership. Chris Argyris and Donald Schön's work (1978), however, shows that organisational theory in use cannot be ignored. According to them, undiscussability and rigidity

reinforce conditions for 'limited' learning systems. In such systems, errors could be corrected through single loop learning, which occur when corrective actions are consistent with the organisation's framework of norms and values (Argyris & Schön, 1978; Argyris, 1982). However, uncorrectable errors 'tend to be camouflaged (that is, hidden, denied, or disguised). The camouflage of uncorrectable error leads to new primary loops which make organisational double loop learning [...] unlikely and, for individuals, make double binds likely.'(Argyris & Schön, 1978 p. 109). These authors define double binds as situations where 'one is caught in a no win game, and the rules of the game are undiscussable' (Argyris & Schön, 1978 p. 118). They illustrate such scenario with their study of an academic institution. Describing the attempts of a new Dean to reform the business school, the authors show how he encountered resistance from faculty members despite his initial attempts to involve them, how his attempts to build an inner circle of newcomers increased further the gap between himself and the faculty, how this distancing encouraged reciprocal undermining, which ultimately meant that the Dean had to go. Indeed, 'the faculty "knew" that time was on their side. If they waited long enough, the university administration would have to enter the picture.' (Argyris & Schön, 1978 p. 150). This example and the underpinning theoretical concepts and reasoning shed a new light on the primary cause of the manager's departure. Was it because the partnership manager 'saw things differently from institutional players' (see p. 21) as suggested by the current partnership manager? It seems that behind the crisis there was also the important fact that the partnership manager had breeched one of the most significant tacit rules of decision-making in Présence Rhône-Alpes.

Overall, the learning sequence studied highlighted the importance of tacit organisational theory in use. More specifically it showed that when socially evolved tacit rules of conduct are ignored, radical forms of adjustments are made (in this instance, the

partnership manager had to leave). These types of situations are described as 'limited learning systems' where unpinning values and norms are not questioned.

The tacit rule that informal consensus has to be reached before decisions can be formally implemented in the partnership remains a fundamental underpinning value of the partnership.

5.5.2.5 Summary of Findings

The learning sequences studied showed that operational and value crises were components of partnership learning. They contribute to the formation of shared values and norms and organisational mental models.

However, there is also evidence to suggest that the learning process is not most adequately described as cyclical, and terms such as dialectical (because they do not necessarily infer a particular order in the learning process) may be more suitable. Indeed, the assumption that there is an archetypal sequence whereby value formation follows operational crisis or that operational solution follows value crisis did no hold. There were instances where for example value formation followed value formation.

The detailed analysis of learning sequences highlights the significance of partnership theories of action and the impact these have on single and double loop learning. Indeed the learning sequences studied had characteristics of both single and double loop learning, suggesting that the partnership is neither a perfect learning system (model 2 learning system according to Argyris and Schön), nor a limited learning system. The effectiveness of partnership learning seemed to be related to the nature of the conflict or crisis that had to be addressed.

When an individual's behaviour did not conform to partnership theory in use, learning appeared to be single loop and part of a limited learning system. Inter-organisational theory in use prevailed, as non-conformity led to the departure of the non-conforming individual.

When the principle of private sector involvement proved to be insufficient to guarantee partnership effectiveness, engagement with the issue led to a refinement of the principle to foster the involvement of private sector representatives who had experience and knowledge of the needs of the very small businesses. The process in turn led to further questioning on the nature of services provided to customers. This continuous dialectical engagement is akin to double loop learning as described by Argyris and Schön (1978) because it contributed to the alteration of some of the basic principles (mental models), which prevailed within the partnership.

5.5.3 Question 2: What are the Relationships Between Partnership Learning and the Negotiation and Implementation of Partnership Objectives?

5.5.3.1 Introduction

In the previous section, we have shown that the concepts of operational and value crises usefully contributed to our understanding of organisational learning in Présence Rhône-Alpes. Through the study of a series of learning sequences we were able to demonstrate how new norms and values or operational solutions emerged in the partnership.

In this section we intend to push further the inquiry by focussing on the links between learning and the negotiation and implementation of partnership goals and objectives.

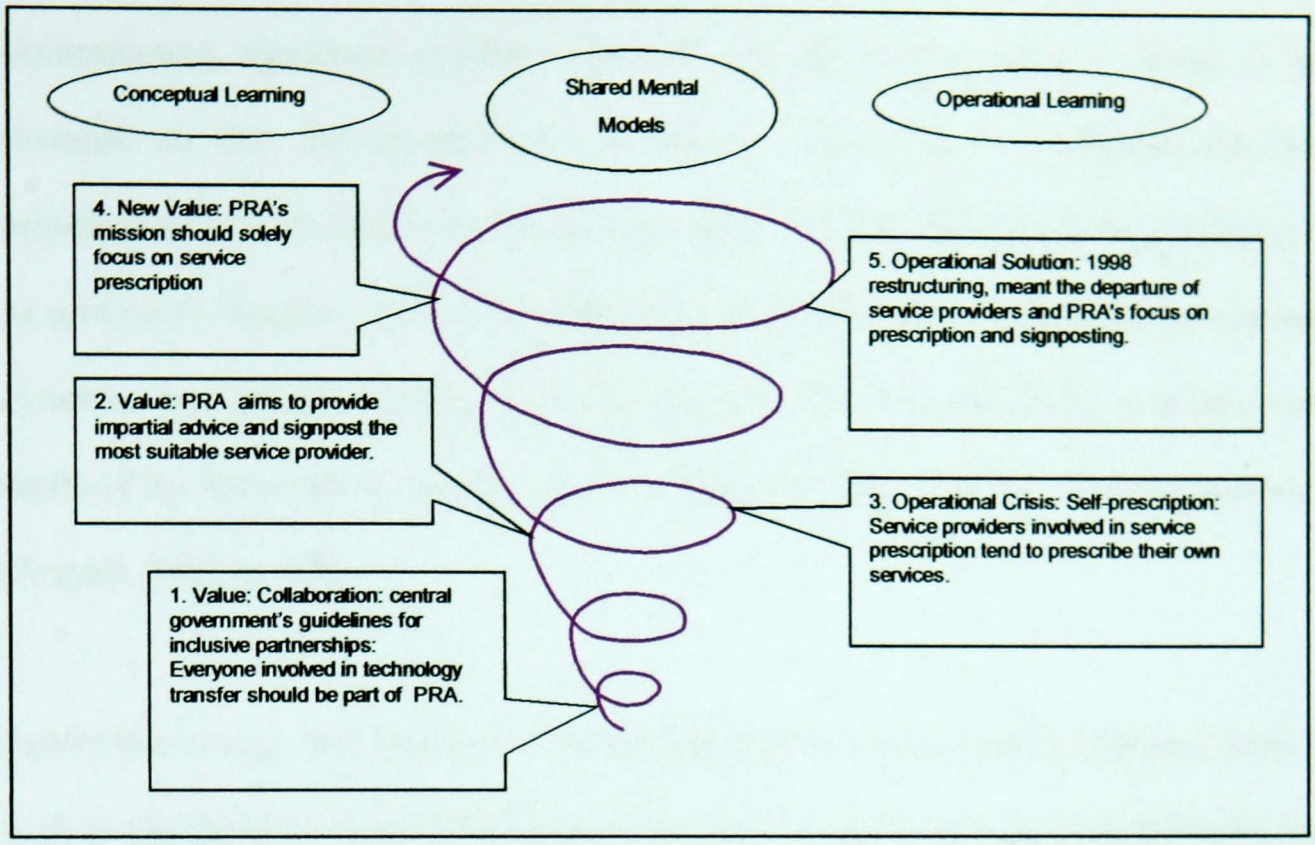
To achieve this we will first analyse a double bind (or no win) situation affecting Présence Rhône-Alpes's advisors and seek to highlight how the resolution of double binds meant restructuring the partnership and dramatically changing its organisational mission. We will then analyse a learning sequence, which underpinned the progressive transformation of the goal to enhance awareness and access. We will investigate how partners achieved a trade off between their public sector ethos and their survival imperative.

5.5.3.2 Resolving Counsellors Double-Bind: Goal Redefinition and Partnership Restructuring

One of the most significant changes in the recent history of Présence Rhône-Alpes is its restructuring in 1998. It has meant that one of the key government guidelines, the need to build an inclusive partnership that pooled everyone involved in technology transfer within the region, was locally rejected in favour of selective membership. Figure 5.4 represents the learning sequence that underpinned this change.

Figure 5.4 illustrates that the combination of a requirement for inclusive collaboration and impartial advice has generated tension within the partnership as service providers found themselves grappling with diverging interests. Given that they were involved in service prescription as well as service provision, the temptation to prescribe their own service was significant. While this satisfied counsellors' needs to promote the interest of their parent organisation, it directly undermined the principle of impartial advice boasted by the partnership. If on the contrary they were to always signpost to alternative providers, their direct line managers could see them as not generating enough business for their parent organisation.

Figure 5-4: Strategy redefinition as a result of inter-organisational learning



This is akin to the double bind situation or no-win game described by Argyris and Schön (1978) and discussed earlier in this chapter. As shown by these authors, double binds are symptomatic of incompatibility in governing values and/or of incongruity between an organisation's espoused theory and theory in use.

In this case, there was a conflict between the partnership's espoused theory that it would provide impartial advice and signpost to the most competent service provider and the actual behaviour of its members (i.e. its theory in use), evidenced by counsellors' tendency to prescribe their parent organisation's services, whether they are the most suitable or not.

Commentators indicated that they had known of these conflicts of interest since the early stages of the partnership. However, it took partners a number of years before they could openly address them by formally changing the structure of their partnership, once

again highlighting how difficult it can be to alter tacitly accepted conduct that has become embedded within that organisation's shared mental models. In such circumstances, significant variables within the learning system have to change or be changed, so that the organisation's governing values can be redefined and the organisation's theory in use can be approximated. This requires double loop learning. According to Argyris, 'such a learning process should decrease dysfunctional group dynamics because the competitive win/loose, low-trust, low-risk-taking processes are replaced by cooperative, inquiry oriented, high-trust and high-risk-taking dynamics.' (Argyris, 1982 p. 106).

Indeed the strategy that emerged from this learning cycle was risky. Important players, such as the chamber's enterprise agency, the ARIST had to agree to formally leave the partnership. They stood the risk of loosing parts of their revenue. For this to happen, there had to be a strong incentive to leave and a commitment to their continued involvement with Présence Rhône-Alpes. As illustrated in the section 'Co-ordinating supply with the RITTS programme', the European RITTS initiative provided the opportunity to address both of these concerns by setting the scene for the creation of a parallel 'network' of service providers.

What are the implications of the above for central policy makers who see one of their fundamental guidelines sidelined in this region? Central policy makers and administrators have tended to highlight the flexibility with which the initiative was rolled out in regions, allowing local circumstances and dynamics to determine the structure to be adopted by the RDT. Can the same level of flexibility and local discretion be maintained on the issue of membership? From central government's point of view the issue does not simply reflect on the suitability of the policies they generate, it also needs to be considered in the light of its possible impact on other regions where stability could only be achieved at the cost of all encompassing partnerships.

The learning sequence illustrated and described above is very significant, because it is more than an illustration of how operational crises lead to the emergence of new values: Here the governing values that arose as a result of double loop learning contributed to the partnership's re-focus on goals of impartiality in service prescription and provision. This ultimately led to the emergence of strategies, which challenged those imposed upon them centrally. Specifically Présence Rhône-Alpes restructured around service prescribing agencies, as service providers formally and voluntarily gave up their membership.

Therefore learning sequence analysed above provides a useful illustration of a double bind situation where key personnel find themselves trapped between conflicting organisational theory in use and espoused theory. It raises questions about the triggers behind the double loop learning sequence described above. In particular, it would be interesting to investigate further whether this change of strategic direction could have been possible had there not been changes in the partnership's environment, i.e. was the RITTS initiative a significant trigger for change?

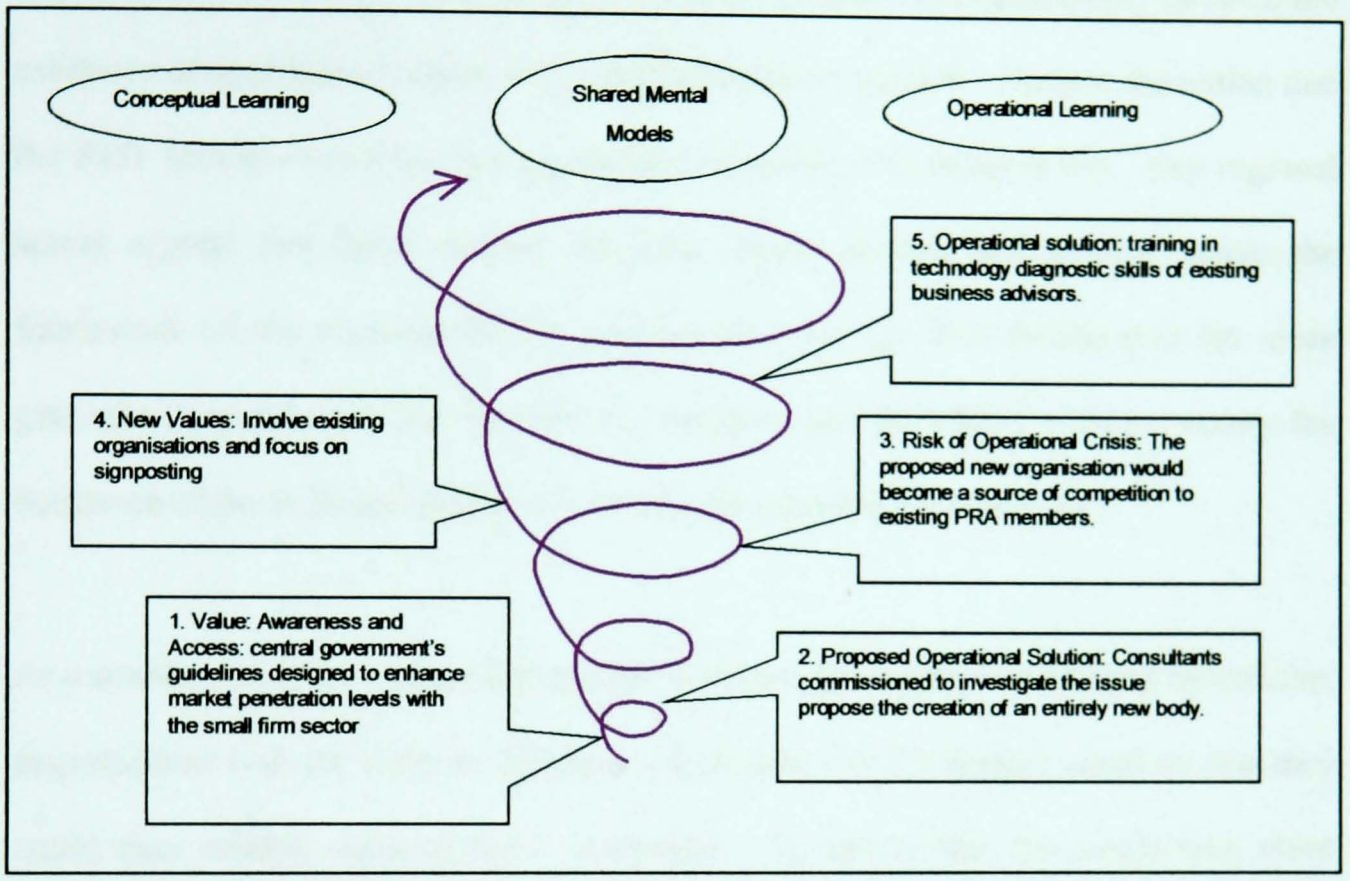
5.5.3.3 Moving Away from Awareness to a Focus on Signposting: The Trade-Off Between Public Service Ethos and Organisational Survival

In this section we examine the learning sequence, which underpinned the partnership's redefinition of RDTs goal to enhance 'awareness and access' (See figure 5.5 below).

The interesting aspect of this section of Présence Rhône-Alpes's learning cycle is that the threat of an operational crisis has been enough to fuel negotiations and ultimately redefine its original goal of enhancing awareness and access as a strategy to enhance signposting. In the process a new value emerged within the partnership. Figure 5.5

shows that principle of involving existing organisations (as opposed to creating new ones) in order to tackle technology transfer challenges at the regional level has subsequently become an important pillar of the partnership's expansion choices at local levels with the creation of 'mini-networks' of metropolitan organisations.

Figure 5-5: Strategy redefinition following the risk of operational crisis



The issue of service awareness in the literature on economic development is a pervasive one (For a review see Hutchinson et al., 1996). It is argued that confronted with a clutter of organisations and initiatives small firm owner-mangers do not know where to go to access the most suitable services.

This reasoning was largely behind the idea of creating a single point of access to all small firm support services in the United Kingdom with the network of Business Link across England (Öztel & Martin, 1998). While RDTs never intended to centralise all SME services, French government policy makers did formulate a desire to pool all technology transfer related services (Ministère de l'Education nationale de la Recherche

et de la Technologie, 1989). In Rhône Alpes, this led to confusion about who the service providers should be. As seen earlier in this chapter, the region had already commissioned a feasibility study for the establishment of such a structure, however the external consultant's recommendation that a stand-alone, new and specialised organisation should be created was perceived as a threat. The fear was that such an organisation would become a source of competition and could potentially threaten the existence of established players in the field of business support. Further, the notion that the RDT should recruit its own specialist counsellors was rejected too. Key regional actors argued that their existing advisors should provide this service within the framework of the regional RDT's collaborative set up. This meant that the more generalist counsellors of the chamber of commerce and the ARIST were to become the backbone of the Présence Rhône-Alpes's market penetration strategies.

As a consequence, the partnership needed to ensure that advisors employed by member organisations had the skills to diagnose small firm's technological needs so that they could then reliably signpost these companies. To ensure that this could take place effectively, training programmes tailored to counsellors were set up and ran.

This learning cycle is a case of double loop learning, given that the partnership gains new values and that these become part of members' theories of action. Indeed, underpinning this learning sequence there is a fundamental shift in values from an emphasis on 'awareness and access' to 'signposting'.

It shows that double loop learning, associated with effective learning systems, can be seen from the point of view of two fundamental organisational stakeholders as detrimental. In this instance, it seems that organisational interests prevail over the interest of clients (the perceived 'clutter' of services is not directly addressed,

instead a signposting system is developed as a 'coping' mechanism), much in the same way as it prevails over the interest of central government, (their interest is to ensure that the initiative is able to meet the needs of client SME, for whom it was designed). It seems indeed that members had to find a trade off between their public sector service ethos, the needs of their customers and their own organisational survival. In this instance, we see that organisational survival over-rides any other objectives the partnership may have.

It also shows that this instance of double loop learning strengthens the ability of partnership members to enhance their role in the existing support infrastructure and in so doing reinforce their chances of survival. It also highlights the design of an operational solution (use existing counsellors, and train them to become competent in technology transfer needs diagnosis), which effectively increases the level of operational integration and interaction amongst partners and therefore contributes to the local collaborative ethos.

5.5.3.4 Technology Transfer Focus Under Scrutiny: Creating the Conditions for Changing Service Delivery Strategies?

The beginnings of an analogous strategy redefinition process can be identified in relation to the partnership's goal to focus on technology transfer. At the time of the interviews, this process was merely starting and negotiations and bargaining associated with it could be identified. The outcomes were still open at the time. Should a change occur in this area, one of the most fundamental principles behind the RDT initiative – that it should focus on technology transfer- would be changed to such an extent that in turn the policy at regional level would have undergone a fundamental transformation.

Currently partners are engaging in a jockeying 'game', stating their position, and attempting to rally support from other members. It is clear that some are strongly against any change to the 'pure' technology transfer remit of Présence Rhône-Alpes, while others are keen to extend it, justifying mainly their position with 'market need' type of arguments. It would be very interesting to find out how this debate evolves and how events / initiatives within the partnership's environment affect change in this field. In terms of relevance to the learning cycle, the ongoing follow-up of this theme (which requires a different type of research from that which was undertaken) could enable the researcher to determine whether 'operational crises' could be 'constructed' or 'picked' to suit a change in organisational norms and values that had long been planned and argued for by key decision makers. This goes back to the issue of leadership and the bearing it has in Présence Rhône-Alpes' learning, it also feeds into academic debates about the very nature of strategic management and strategic change.

5.5.3.5 Summary of Findings

This section shows that the formation (i.e. negotiation and implementation) of partnership objectives is to a large extent an incremental alteration of planned top-down strategies facilitated by operational and conceptual learning.

In the case of Présence Rhône-Alpes, lengthy local negotiations and bargaining within the partnership have enabled members to redefine progressively the partnership's activities and reformulate goals originally imposed upon them by central government. The most significant of the above is a refocus of the partnership on service prescription and its distancing from service provision. The process has required the departure of institutional partners who have been involved with Présence Rhône-Alpes since its inception.

This has also required the resolution of double binds that limited the effectiveness of counsellors' activities. Likewise contradictions between the partnership's espoused theories of action and its theories in use needed to be overcome. Overall, the process has been lengthy and environmental changes, such as the launch of the European programme RITTS have been harnessed by collaborating parties in their endeavour to resolve conflicts of interests they had recognised a long time ago.

5.5.4 Conclusion:

The study of Présence Rhône-Alpes has proved a very rich source of data on partnership learning processes. It has enabled the researcher to validate the partnership learning cycle as a useful model for inquiry. It has also shown some of it limitations. Indeed, the 'neat' sequential representation of operational learning following conceptual learning did not hold true. This in turn requires re-examination and improvement of the way in which the learning process is represented.

Further very useful links could be made with existing organisational learning theory. Developments that can be traced back to the late 1970s, with the work of Argyris and Schön, have proved to be most useful in making sense of learning dynamics at a conceptual level. The idea that organisational theories of action are of two kinds (i.e. espoused theories and theories in use) enabled the researcher to appreciate the deeply rooted causes of some of the operational or value crises that were diagnosed. The notion of double bind was used to appreciate why in some instances crisis was almost inevitable. Likewise, concepts such as single loop and double loop learning enabled her to unveil why in some instance new partnership norms and values emerge (and therefore contribute to partnership shared mental models), while in others they don't.

6 Réseau Nord Pas de Calais Technologie:

6. 1 Introduction

The 'Réseau Nord Pas de Calais Technologie' was created in 1993. Tenth on the list of RDTs set up throughout France (therefore one of the oldest), it evolved as a very distinctive venture with distinctive characteristics (it is for example one of the largest RDTs) that make it an ideal 'polar case' in studies of partnerships in economic development.

This case study's structure mirrors the analytical framework presented in the methodology chapter. First, the historical context of the partnership is presented. This is then followed by an analysis of the partnership's goals and objectives and the processes that underpin goal definition. The third section investigates how the partnership implements these goals by analysing key operational processes. The final section analyses the role of strategic partners by focussing on formal as well as informal/ local institutional influence.

6. 2 Past Experiences of Partnership and Early Development Stages

Moves to create a RDT in the Nord-Pas-de-Calais region were made early in the history of this government initiative. The official launch took place in 1993, however the operationalisation of the partnership and its network of advisors rapidly turned into a slow process. This was partly due to the delicate legacy of earlier partnering experiences. In this introductory section, we explore the impact of these past partnering experiences on the early stages of development of Réseau Nord Pas de Calais Technologie.

The Centre Régional de Génie Industriel (CRGI) was the most significant partnering experience in the region before the creation of the RDT. It was created in 1989 by some of the key institutional players in the region, including the Conseil Régional, the DRIRE (regional office of the Ministry of Industry), the DRRT (regional office of the Ministry of Education and Research). The CRGI focused on technology transfer, had 8 directly employed advisors, it also covered the entire region Nord-Pas-de-Calais. It therefore could have been a suitable candidate to take over the new Réseau de Diffusion Technologique. Its operations were negotiated and included in a contractual agreement between the Conseil Régional and central government, within the 1989-1993 Contrat de Plan. This de fact facto meant that 1993 was a key deadline. Partners involved in the CRGI had to make a positive decision to carry forward its operations and negotiate its funding as part of the following round of contracts. They decided against that option. Two elements of explanation emerge from interviews. Firstly, as a structure, the CRGI was presented as expensive to run. The overheads it carried encompassed salaries for the 8 counsellors, as well as administrative support and advertisement costs. Its main source of revenue stemmed from contract management fees for projects generated by counsellors. The CRGI would typically take a commission that would represent 4 to 5% of the total contract value. Its turnover was not high enough for the organisation to become self-funding. Whether this was a stated objective of the CRGI cannot be reliably established from the interview data. One respondent however questions that possibility:

> "To justify the termination of the CRGI, the disproportion between the funds made available for its operation and the income it generated was the main argument put forward. Funding bodies knew very well that it was not possible to generate a high enough turnover, given the very small commission taken for each contract signed." (Past CRGI Technology Transfer Counsellor, 1998).

Second, it seems that the CRGI was perceived as a competitor; too visible and therefore shadowing parent organisations:

> " As a matter of fact all key players had a negative opinion of this organisation [the CRGI], because it was perceived as competing with more or less everyone" (RDT Manager , 1998a)

Therefore work began for the creation of the RDT in the region. Given the CRGI experience a fundamental principle guiding the establishment of the 'Réseau Nord Pas de Calais Technologie' was 'transparency'. In this particular context, 'transparency' meant that while acting as a support function and a federating structure for all member organisations (hence the use of a 'network' label as opposed to the partnership label) the RDT would not be visible to client SMEs. This according to several interviewees was meant to prevent the creation and growth of yet another LED structure (perceived as independent from its parents and with its own 'existentialist' concerns) in what was already seen as a very cluttered institutional landscape:

"Well, to get a consensus, we needed to create something rather modest, not too visible. We primarily developed support services for partners, besides, there was very little advertising targeted at businesses" (Regional Anvar Representative, 1998)

"The goal was not to create an additional organisation, because, anyway, that would not have been accepted by people on the ground. Anyway, I am not convinced that it would have resolved the issue, because, well, there would be something extra, and that would be it. Therefore, it was decided to create a feather-light structure, to enable people to work together, without at the same time generating something rigid" (RIDT Senior Manager, 1998)

The decision to dismantle the CRGI was by no means unanimous and led to a schism in the partnership as the DRRT opted to continue a CRGI form of operation and minimised its mandatory involvement within the RDT network. Indeed as one of the key players, the DRRT developed its own team of directly employed technology counsellors, still in existence to date. This is quite significant, because the level of involvement of the DRRT in the Réseau Nord-Pas-de-Calais Technologie by no means matches the level of involvement equivalent structures would have in other regions. Indeed, while key decision makers in the Réseaux de Diffusion Technologique across France are presented as 'la bande des 4' (the team of four) including the Conseil Régional, the DRIRE, the DRRT and ANVAR, in the Nord-Pas-de-Calais region decision makers are referred to as 'la bande des trois' (the 'famous three' including DRIRE, the Conseil Régional and the ANVAR). The distancing of the DRRT still prevails today. It operates its own technology transfer structure, independently and it seems in direct competition with Réseau Nord-Pas-de-Calais Technologie:

"The DRRT was one of the founding fathers of the CRGI at the time. Since the CRGI operations ceased, and of course in agreement with the other funding partners, the DRRT said: "I still want to pursue this line of action in another shape". So it progressively built its own team of technological advisors. The intention was to cover as many sectors as possible, with the extra help of a more generalist advisor" (Past CRGI Technology Transfer Counsellor, 1998)

"Therefore, my view is that the fact that the DRRT did not follow at the time was also a sign of a lack of consensus, lack of agreement between the three regional funding partners.... That was one aspect. At another level there was also an issue of political commitment. I do not know whether we will ever know one day" (RIDT Senior Manager, 1998)

As negotiations continued for the phasing out of the CRGI and the phasing in of the RDT, the next issue partners had to address was whether the RDT should rely on an existing structure (that is an established 'loi de 1901 association', a not for profit organisation that would run the operation). The French system distinguishes between legally established host structures (which carry 'loi 1901 association' statutes) and the operational activities that may be conducted in a less formal basis. It was suggested the ADRINORD should be used as the host structure for the RDT. ADRINORD was indeed the structure that ran the CRGI. It therefore had experience in providing a shared forum for partnering organisations. Discussions were tough. Quotes below suggest that the opposition that existed between partners stemmed from fundamental differences in institutional cultures. Indeed ADRINORD was primarily an employer led organisation and the Conseil Regional wished to promote its own public sector agenda. Hosting the RDT became a power stake not only because of the potential for influence on policy, but also because of possible control of the information gathered and managed by the RDT:

"The situation in the Nord Pas de Calais region, were the RDT was established, was rather complex. In particular, there were a number of local actors involved in technology transfer, and these actors were not unanimous in terms of political commitment. So, the director of the DRRT wanted at the time that the RDT relied on an existing not for profit organisation, ADRINORD. But the Conseil Régional was completely opposed to the idea that ADRINORD piloted. I think this was again because of political conflict. Indeed ADRINORD was more of a business led organisation. On the other hand the Conseil Régional wished to have full control over the development and implementation of its policies." (Past Anvar Regional Office Managing Director , 1998)

"Therefore, the option that appeared most neutral was to create a new support structure. We did differently in other regions. But in Nord-Pas-de-Calais, there was just too much hostility; there were too many vetoes on one or another support structure, or the role of one or another partner. We could not use an existing structure. So we created a new one" (RIDT Senior Manager, 1998)

"...The legal structure is that of an 'association', it is called 'Réseau Nord-Pas-de-Calais Technologie', it has that sole activity. It was created for that purpose at the time; simply because there was no consensus on the possible delivery through another 'association' when the network Nord-Pas-de-Calais was created. Because they could very well have joined an existing structure." (RDT Manager , 1998a)

"The classic problem in France, I do not know whether it is true in the UK, is that through networks, one deals with information, and for some, information means power. So becoming the host structure for the partnership became a power issue [...]. To avoid that pitfall, in the region Nord-Pas-de-Calais, we decided to create a new structure. This was not the case in other French regions" (Past Anvar Regional Office Managing Director , 1998)

As a result, Réseau Nord Pas de Calais Technologie was created as a not-for profit organisation. Its primary function was to run the RTD operation in the region. The core partnership involved all the most significant regional institutions shaping and funding economic development policies. These were the ANVAR, the Conseil Régional, the DRRT and the DRIRE (i.e., the commonly called 'bande des quatres'). However the partnership's institutional membership was much wider than this, as it included the regional prefect the two Conseils Généraux, the Conseil Interprofessionel Social Economique (CISE- which is an employers' federation) and the Regional Chamber of

Commerce. The Réseau Nord Pas de Calais Technologie was meant to co-ordinate technology transfer activities of these players, including their independently set up initiatives.

Such a wide membership partly explains why the full operationalisation of Réseau Nord-Pas-de-Calais Technologie took over two years. The influence of the regional director of the ANVAR at the time was pivotal to this. Responsible for the establishment of the regional RDT, he wanted to ensure that all institutional stakeholders were involved in the conception and development of the initiative. This large-scale involvement was seen as a pre-condition for the effective networking of everyone dealing with technology transfer on the ground. Such comprehensive collaborative effort was novel in the region. The CRGI experience clearly set the trend for partnering locally, but all those involved had not experienced it as an entirely positive initiative. Further, it did not encompass all the actors that were collaborating in the RDT. For the first time in the region the Réseau Nord Pas de Calais Technologie created a forum for discussion of all key players:

> "Therefore there were many actors. The philosophy behind the structuring of this network was about enabling service providers to carry on operating freely. So we had to ensure that the hierarchy (that is all the institutions which finance service providers) was in agreement, so that there would not be daily hurdles afterwards. That's why the partnership identified all fundamental actors, and invited them to become members" (Past Anvar Regional Office Managing Director , 1998)

An interviewee commented this was so rare and novel, that the president of the partnership, the regional prefect at the time, used some of the early meetings to debate issues related to his own agenda rather than that of the partnership:

> "At last every actor met. Before this organisation there was nowhere for them to meet. It was quite amusing, the early meetings, which were chaired by the regional prefect (because the prefect wanted to be involved in this kind of infrastructure)... Well since everyone was there, it was not rare for the prefect to talk of other things. He had the opportunity to have everyone around the table... (laughter)" (Past Anvar Regional Office Managing Director , 1998)

However, comprehensive consensual decision-making also meant no decision or slow decision-making, as illustrated by the fact that it took about eight months to recruit the partnership manager, after the job was advertised:

> "Yes, yes a very large partnership. Therefore difficult to establish, because to gather so many people and make them reach an agreement, obviously it is time consuming. Just to let you have an idea, I answered the job advertisement in July 1992. And I started the job in February 1993" (RDT Manager , 1998a)

In summary, this review of early partnership experiences and the early stages in the establishment of the Réseau Nord Pas de Calais Technologie showed that the 'birth' of the network was a difficult one. As a result of the earlier CRGI partnering experience, important constraints were placed on the partnership. They still persist today. Réseau Nord Pas de Calais Technologie cannot be visible to client companies and should act as a light support structure to partnering institutions and not as another organisation by their side. Decision-making still has to be consensual. And significantly the local DRRT, normally a key partner in RDTs, seem to minimise their involvement, while running in parallel a competing structure.

6. 3 *Partnership Goals and Objectives*

RDTs goals and objectives are outlined in the 1995 'Cahier des Charges du Réseau de Diffusion Technologique'. Discussed in the previous chapter, this document acts as the French government's prospectus for RDTs. It outlines national objectives for RDTs and sets out the regional goals that they should be pursuing.

This section of the case study aims to address two sets of questions. The first reflects the need to compare nationally defined objectives and locally defined ones: How well do these national guidelines and local partners' goals and objectives match? Are they consistent or do they diverge? What issues arise from the comparison of national and local objectives? The second series of questions requires a more fine-grained analysis of convergences and divergences in local partners' perceptions of Réseau Nord Pas de Calais Technologie's goals and objectives: Is there a shared understanding of the partnership's goals and objectives? To which particular objectives do partners shared views relate? In which areas are there differences and how significant are they likely to be for the partnership?

6.3.1 National vs. Local Objectives: An Overview

The overall rationale here is to conduct a comparison between national guidelines and the way local partners perceive their goals and objectives. This section first summarises these and then presents a simple analysis designed to determine whether nationally defined objectives are also adopted locally. Thereafter, a more detailed analysis compares prioritisation locally and nationally in order to identify similarities and/or discrepancies.

Table 6.1 summarises the objectives defined in the 1995 Cahier des Charges (Ministère

de l'Education nationale de la Recherche et de la Technologie, 1995). The succinct and descriptive labels are indicative only and mirror the 'nodes' used while conducting computerised analysis of data. The second column presents the statements of goals and objectives drawn the Cahier des Charges.

Table 6-1 Goals defined in the 1995 RDT Cahier des Charges

Label	Goals and objectives stated in the 1995 Cahier des Charges
Market penetration	Formalise and enhance technological demand and associated needs, through canvassing and awareness raising Co-ordinate canvassing of industrial SMEs and 'artisanales' enterprises[25].
Networking / signposting	Help companies find the most appropriate competency centres, whether public or private, and the most suitable services to satisfy their needs
Technology transfer	Coach companies that so desire in the development of their technologies
Access and awareness	Ease access to public services Support more generic awareness raising initiatives to sensitise SMEs to technological challenges and opportunities
Collaboration	Favour and stimulate collaborative exchanges between public and mixed sector regional actors
National policy co-ordination	Extend their scientific and technological support to the national level, even European level, through active involvement in the inter-regional network of RDTs [RIDT] Enhance the coherence of the national technology transfer systems through inter-regional co-ordination
Training	Enhance the overall professionalism of all
Meta-strategy	Become a federating relay for the implementation of regional technology dissemination policies
Providing and managing PTR	Manage the allocation of technology transfer grants [Prestation Technologie Réseau –PTR]. This form of financial support to businesses is made available by Anvar to the RDT, which then manages the application process."

In order to determine whether nationally defined objectives are also adopted locally an assay analysis has been conducted on interview data. Assay is a term borrowed from disciplines such as chemistry and physics. In these disciplines it would, for example, refer to the analysis of a solid rock to determine its composition.

[25] 'Enterprises artisanales' is a label covering small businesses with a specific legal status in France.

Table 6-2 Local and national goal prioritisation:

Number of times a type of goal is quoted in transcript	Service improvement	Access & awareness	Collaboration	National coordination	Training	Providing PTR	Meta-strategy	Market penetration	Networking & signpost.	Technology transfer
ANVAR	6	0	1	0	1	3	3	3	2	2
RIDT Tot. Includes:	2	2	2	2	1	2	1	4	4	2
1 - RIDT– Cahier	2	2	1	1	1	1	1	4	4	2
2 - RIDT interview	0	0	1	1	0	1	1	0	0	0
RDT partnership	3	0	1	0	1	6	9	9	3	5
Development agency	0	0	0	0	0	0	3	0	0	1
Chamber of Commerce	1	0	0	0	1	3	11	5	1	3
Conseil General	0	0	1	0	0	3	0	1	0	0
Conseil regional	0	0	1	0	3	1	7	1	0	4
TOTALS	12	2	7	3	7	19	35	23	10	17

In the context of this study, the assay analysis can determine whether goals defined centrally can be found in the local institutional representatives' interview transcripts. The assay search was complemented by a matrix intersect search, both performed within N'Vivo. Results are displayed within table 6.2.

The table shows for example, that none of the interviewees refer to the full range of goals that are defined in the prospectus. The RDT manager comes closest, as he refers clearly to 8 of the 10 nationally defined goals.

Furthermore, representatives from the Conseil General and the Regional Development Agency seem to focus on a very limited number of nationally defined goals. Does this indicate a very narrowly focused use of the partnership by the organisations represented? The goals that are discussed most widely within the partnership are about the definition of a regional technology transfer strategy ('meta-strategy); the provision and management of the PTR grant; the need to increase market penetration levels of RDT services and promote continued efforts to increase overall technology transfer in the region. By contrast, the desire to raise companies' awareness of technology transfer services and to improve access (key national objectives) appear in the interview transcripts of none of the partners, further the need to influence the co-ordination of national technology transfer policies seems to be a low priority too in this partnership.

The table further shows that operational objectives, in particular the management of the technology transfer fund (PTR) and the conduct of client visits to increase market penetration are heavily emphasised within the partnership. This is highly consistent with national guidelines where market penetration goals are prioritised.

There is a strong emphasis on the discussion of meta-strategies, however a small group of three organisations lead the debate. These are represented by the chamber delegate, the partnership manager and the Conseil Regional representative.

There is a notable contrast in emphasis: A fundamental goal in the national guidelines is related to the networking of technology transfer counsellors and the enhancement of signposting procedures in order to ensure that client firms always access the most suitable set of competencies. Overall, this goal tumbles down from being priority number one at the national level to being priority number five locally. Even then only four of the organisations consulted out of seven do refer to this objective at all.

In conclusion, the two analytical devices used allowed the broad mapping of the way national priorities drive (or not) local views about the Réseau Nord Pas de Calais Technologie's goals and objectives. At this stage it is clear that none of the partners embrace or refer to all of the nationally defined goals. Indeed a couple of partners seem to associate with the partnership a very narrow range of objectives. Furthermore, respondents seem to emphasise a great deal operational goals (including the need to increase market penetration levels), which does reflect national priorities. However a key national aim, that of increasing companies' awareness of services and facilitating access seems indeed to be a very low priority locally. This local approach seems paradoxical. What are its causes and how is it sustained? The next section explores these issues, by analysing the content of the interviewees' statements on the subject.

6.3.2 Meta-Strategy Rejected

The need or desire for an over-arching regional technology transfer strategy embraced by all institutional players was by far the national objective that generated most debate

during interviews. Interestingly, this subject is also the one that attracted the least consensus.

The position of the partnership was very well summarised by the partnership manager who illustrated how little attention the board of directors paid to strategic issues:

> "Really these are things we never discuss. When we do the business review, we go through a number of indicators. We reassess training programmes etc... When I prepare a business plan, there is no over-arching strategy. That's true." (RDT Manager , 1998b)

> "[...] This is one of my criticisms of the board of directors. There is no strategic vision of the RDT. [...]"(RDT Manager , 1998b)

This situation can perhaps be explained by the apparent lack of consensus on what could become a shared meta-strategy between all of these institutional partners. Indeed the overall emphasis on technology transfer at a national level and its subsequent adoption locally is questioned by partners for whom real economic benefits can only be reaped from policies focussing on innovation:

> "The original thrust behind all this comes from this famous 'research-industry' link: we must establish links between research centres and industrial companies. Everything stems from this concept, which has not changed. Yet we all know it is a failure. [..]. To use the jargon, the company will innovate. It will not innovate because it has a partner [e.g. research centre]. It innovates because it has developed its innovative capability. It has built the necessary conditions to innovate. We must work on this theme: Can this company innovate?" (ARIST Senior Manager, 1998)

> "Well we think that there is a gap, because most of the technology transfer services offered to businesses are primarily focused on maximising the use of existing regional potential; in particular, research institutions... therefore service offer is primarily about transferring technology. However there is a huge difference between technology transfer and innovation" (ARD Senior Manager, 1998)

> "The partnership's overarching mission is to enhance companies' technological development, in particular that of companies which never use external resources, public services, research centres, educational institutions etc." (RDT Manager , 1998a)

As a result of these conflicting views, prospects for the progressive adoption of a shared meta-strategy seem rather bleak:

> "In my view, there is a common rationale among all partners, but perhaps this rationale is biased given that partners account to their own institutions and these may well have goals which diverge from the partnership's, even if overall there is a common desire to contribute to businesses technological development." (Conseil Regional Senior Manager , 1998)

> "Everyone agrees on the basis, given that it is the stated goal of all partners. However we are likely to encounter a lot more problems when there is a desire to evolve the strategy." (Conseil Regional Senior Manager , 1998)

In conclusion, Réseau Nord Pas de Calais Technologie lacks a locally shared vision and strategy for technology transfer. National guidelines, mostly expressed in broad terms, are accepted, however, partners seem to disagree on their meaning and focus. This is turn suggests that change or evolution are unlikely to be on the agenda of the

partnership in the short term.

6.3.3 Strong Focus on the Provision of PTR Grants and the Increase of Market Penetration Levels

Symptomatic of the above lack of agreement on evolutions of the shared strategy, the partnership's focus on the implementation of operational goals seems to be inevitable. But here again, there are signs of concern among partners.

All partners accept the provision of PTR grants as a distinctive feature of the Réseau Nord Pas-De-Calais Technologie and see these as enhancing the counselling process (RDT Manager , 1998a; Conseil Regional Senior Manager , 1998; Director Conseil General Nord , 1998; Past Anvar Regional Office Managing Director , 1998; Regional Anvar Representative, 1998). For the partnership manager, PTR provision and management is a driving force for RDT partnerships across France:

> "There is the basic mission which is about client visits, the management of the PTR grant, really these are more 'functions' than they are missions. That is common to all regions". (RDT Manager , 1998b)

The above statement also shows how important it is for the partnership to increase market penetration levels. These two goals are meant to feed of each other, as the ability to provide PTR grants makes it easier for counsellors to set up client visits for example.

However, some partners expressed reservations on the way in which client visits are conducted. In line with earlier remarks on meta-strategy, some partners showed concern that the RDT may focus too closely on marketing partner institutions' 'off the

shelf' services and restrict its activities to isolated one-off support projects, hence damaging its credibility towards clients and restricting the economic benefits that could be drawn from long term, less project-based, coaching approaches:

> "The RDT has a project based mission. Its goal is to get projects and 'feed' institutional providers. [...]. You visit a company. Is there a project? Yes, great. We take it on. There isn't a project; we visit another company. We let the previous company get by for the next three years. It is completely absurd. We are in a completely absurd structure. Or else I could insist on supporting a useless company. I'd have to visit 10 times, then I may generate, start off something. No, if there is nothing, you leave and check out some other place. It is entirely negative. There is a fundamental loss of efficiency" (ARIST Senior Manager, 1998)

These criticisms were compounded with the view that the partnership placed unrealistic demands on members' time by pushing for increases in the number of client visits conducted by each of them given that they agreed to spend about 20% of their time on RDT business (ARIST Senior Manager, 1998).

In conclusion, there is a wide spread agreement that the inclusion of PTR grants in counsellors' service portfolio has had positive effects, there is also a general recognition that small firms deficiencies in technology transfer and innovative capabilities need to be addressed. As a result of this consensus, the partnership is heavily focused on two operational goals, the management of the PTR grant and the increase of market penetration levels. However, concern about the ways in which the partnership currently implements these goals have been expressed, in particular the partnership's emphasis on technology transfer (as opposed to building innovative capability) and its project based

approach (which was contrasted with more long term coaching methods) attracted criticism.

6.3.4 An Historical Veto on Raising Customer Awareness and Access

The above focus on operational activities (rather than the development of strategic leadership in regional technology transfer) is compounded by the 'low profile' policy imposed by partners. In the review of Réseau Nord Pas de Calais Technologie's historical background, and in particular the review of the CRGI experience, it was clearly shown that key institutions were keen to avoid the creation of a structure that would be too visible and could be in a position to compete with them.

The impact of the above is significant at the operational level and is reflected the lack of labelling/branding of RDT services. Typically, a client company will be dealing with a Chamber representative acting as an agent capable of accessing financial support made available through the RDT:

> "In my view a key weakness of the partnership is that it never puts its name forward, it is never directly involved with clients. Service providers, such as chambers of commerce counsellors, always act as intermediaries responsible for advising, offering financial support etc.. The partnership's identity, its name is always 'behind the scenes' and not communicated to businesses. On the ground this may cause difficulties in terms of access and understanding of the service provision infrastructure." (Director Conseil General Nord , 1998)

Furthermore, there has been constant opposition to large-scale partnership advertising and public relations (PR) exercises over time. Notably, the creation of the partnership was itself very low key: the principle of a promotional campaign planned by the newly appointed partnership manager was rejected at the first board of directors meeting (RDT Manager , 1998a). As discussed in the section covering the partnership's history, the partnership's motto seemed to be 'transparency', the meaning of which is very specific this partnership:

> "Transparency meant that the RDT structure could not be seen from outside, it had to be 'invisible'. It meant in fact that Réseau Nord Pas de Calais Technologie should not be known. Members were responsible for spreading the message." (RDT Manager , 1998a)

In 1996 partners agreed to make an exception with an advertising campaign promoting counsellors (as opposed to Réseau Nord Pas de Calais Technologie as an agency integrating business support in technology transfer). The purpose of the campaign was to increase market penetration levels by relying on a free phone number. It was anticipated that inquiries would then turn into full-blown counselling and technology transfer projects. However, the campaign (which cost 200000 francs – about £20 000), failed to meet expectations by a large margin. Posters and leaflets were designed, a total of 10500 companies were contacted via three separate mail shots, but only 70 calls were received (RDT Manager , 1998a). Given the poor results, the free phone number was discontinued.

The effects of this failed campaign have been long lasting. Only small-scale internal communication projects have since been allowed to proceed. This is the case of the partnership's vademecum, which is a reference handbook, primarily designed for

counsellors. This handbook has evolved over time. It initially included a list of the partnership's counsellors, their areas of expertise and their contact details. Its purpose was simply to ensure that members knew each other and could signpost clients when needed. More recently a synthesis of all sources of support and types of grants that firms can apply for and their eligibility criteria have been included in the same publication. This addition has made the vademecum attractive to a wider range of people, including financial advisors, accountants and other professionals who occasionally interact with members but also deal with small firms regularly. Recently the partnership's board recognised this broader level of interest and agreed to make the vademecum more easily available to externals (RDT Manager , 1998a).

Despite the fact that the partnership still lacks leaflets or brochures that present its purpose and activities, the manager sees the evolution described above as positive. Some of the partners do indeed seem to have changed their position on the matter, and the DRIRE for example has adopted a more relaxed approach to partnership advertising. Nonetheless change did not occur across the board and others, like the DRRT, in particular remain very hostile (Regional Anvar Representative, 1998).

The resulting partnership consensus on public relations, which is in fact an agreement not to have any PR, seems to be fundamentally undermining its ability to achieve nationally defined goals:

> "The fact that we do not communicate, I think, ... I don't know. We could not call it an issue, given that it was a partnership decision... But I do not think it was a good idea. In the regional context perhaps. But given the national goals that we have [...] the objective of 'transparency' should not hamper the need to

federate. Yet to federate one needs to be visible." (RDT Manager , 1998b)

"Indeed, I think that the lack of public relations really damages the basic mission. This basic mission is defined in the RDT prospectus; it is about offering companies a coherent, harmonious support system etc.. so that companies can find their way in it. If they do not know that a structure has been set up precisely to achieve that, there is very little chance that they do manage in the maze. Recently I attended meetings where business managers were present, well they do not know about Réseau Nord Pas de Calais Technologie or the counsellors. They are not aware of the vademecum. When you show it to them, they ask: "that's great, why don't you publicize it?". Businesses relentlessly and publicly say that the system is obscure, that they do not know service providers. We set up something designed to help, but we do not tell them. I don't think it is coherent." (RDT Manager , 1998b)

In conclusion, the partnership manager accepts that partners consensually agreed to reject any major public relations activity; however, he also emphasises the restrictions this places on the partnership's ability to achieve increased customer awareness and enhanced access to services. While some partners have become less intransigent on the issue, others continue to oppose any form of partnership advertising. They mainly argue that the RDT was never meant to become an institution per se; instead its key role has always been about the co-ordination of existing institutions' activities. The partnership as a whole has coined this 'a desire to be transparent /invisible'. This policy has meant until now that public relations activities have been kept to a strict minimum, as illustrated by the lack of branding/ labelling of RDT services.

6.3.5 Conclusion

The general consensus on the role and remit of the RDT was difficult to obtain in the NPC region. It seems that the trade off for a strong desire for inclusiveness (which was discussed in the historical background section) has been a fragile consensus and a very minimalist mission for the RDT. This minimalist mission centres on the increase of market penetration levels and the management of PTR projects. The areas in which the RDT is restricted include its communication strategy: it is not allowed to directly market its activities to client companies. This in turn restricts its ability to implement one of the key missions defined centrally, which is to facilitate service awareness and access. Further, a key aspect of the RDT policy, the desire to facilitate and enhance networking, referral and signposting, is acknowledged only by some of the local players in the partnership.

The above difficulties may simply be symptoms of the strong rejection by some partners of the RDT's strategic role in the region. Most of the discussion on the board of directors centres on the review of operational activities and the achievement of operational goals, to some extent masking strongly opposing views on the ways in which the technological potential of the region's small firms should be unleashed.

6. 4 Operational Dynamics

Given the minimalist mission of the partnership and some of the conflicting views on goals and objectives, how does this partnership operate? This section first presents partnership funding, then analyses partnership activities, with a specific focus on market penetration strategies, the provision and management of the PTR grants, counsellor training and membership management.

6.4.1 Partnership Funding

As shown earlier, funding sources for RDTs are multiple. These will typically involve financial support from government (in particular the Ministry of Industry and the Ministry of Education and Research), from the regions and sometimes from the European Union (through structural funds). In addition to base funding, the ANVAR covers the cost of all successful applications for technology transfer grants (PTR) that can only be prescribed by RDT members. Réseau Nord Pas de Calais Technologie is no exception to this model, therefore the combination of the base funding and allocated PTRs gives a good indication of the financial resources that are made available to enable its technology transfer remit. Table 6.3 presents these resources.

Table 6-3 Budget of Réseau Nord-Pas-de-Calais Technologie

	1997	1998	1999
Operating Costs EDAW (1999)	(24 100 000FF)	(26 000 000FF)	Not Available
PTR	(3 411 000FF)	(2 881 000FF)	(3 010 000FF)
Total	24 441 100FF	28 881 000FF	Not available

6.4.2 Partnership Activities

Earlier in this chapter, we highlighted the acknowledged importance of market development objectives, and of the PTR allocation. We also highlighted that the networking (address book node) is strongly emphasised in policy documents and by policy makers, however in the Réseau Nord Pas de Calais Technologie it seems to be a far less prominent goal. This section aims to review how each form of operational activities underpins the achievement of these goals.

6.4.2.1 Market Penetration Strategies

This section outlines the evolution of market penetration strategies used in Réseau Nord Pas de Calais Technologie and investigates some of the potential causes for the changes introduced over time.

Canvassing efforts were originally heavily relied upon. The purpose was to increase the number of client visits and, in the process, increase the proportion of first time users of technology transfer support. The other goal underpinning these efforts was to ensure that client visits were co-ordinated and that different counsellors would not visit the same company. The Réseau Nord Pas de Calais Technologie's manager organised conventions that were attended by members and where market penetration goals were discussed and targets agreed. Despite the fact that both sector-based segmentation and geographical segmentation were used and mirrored the segmentation strategies of members' own institutions, poor results were recurring.

During these canvassing meetings, members would identify about 300 target companies. This meant that individually they agreed to conduct between 5 and 10 company visits targeted at new prospective clients. However, the overall goal of 200 to 250 visits was never met. Irrespective of the style and focus of these market penetration plans, visits seem to have reached a ceiling of about 100. The original focus on enterprises between 5 and 20 employees (those that are normally most difficult to reach) did not improve the chances of success (RDT Manager , 1998a). As a consequence they were abandoned:

> " At the beginning, the market penetration strategy was simple. I would prepare a list of companies to visit. Then, there would be three or four regional meetings. At each of these meetings, members had to pick the companies they

wanted to visit. So, that enabled us to have a co-ordinated operation [...]. That was the first market penetration plan. That was all: they chose and they visited. The last one was based on a sector study. The regional development agency conducted a study on company typologies; the problems they encountered, their growth prospects... Really, the purpose was to enhance knowledge and understanding of SMEs' economic situation. This was followed by a two-day training workshop. We covered technical centres etc. Well in sum, we did the lot [...]. And it ended as before, in other words relatively little was achieved. Since then, I decided to stop these." (RDT Manager , 1998a)

Given the poor results, the Réseau Nord Pas de Calais Technologie manager focussed efforts on visit co-ordination instead. These are still ongoing.

Coordination team meetings are organised following the same geographical and sectoral rationales, again reflecting the way partners are themselves structured. Indeed Chambers of Commerce and DRIRE offices operate according to a geographical rationale. Other partners, such as specialist technical centres have on the other hand a sectoral focus and provide their services across the entire region.

Small counsellor teams regularly meet to discuss their activities, review companies visited and exchange information. The Réseau Nord Pas de Calais Technologie manager attends these meetings and acts as a go-between, informing on other teams activities and ensuring that potential overlaps are identified and avoided. These local and sectoral meetings are described as the 'minimum' that the partnership could do, they are meant to incite client visits (rather than impose a quantitative target):

"We cannot reasonably speak of market penetration plans. We refer to group

co-ordination and exchange in relation to canvassing" (RDT Manager , 1998a)

Geographical teams are primarily constituted of generalist counsellors and service providers. They are centred on one of the thirteen chambers of commerce established in the Nord-Pas-de-Calais region. In addition to Chamber counsellors, these teams also include counsellors from the DRIRE, and the Anvar. In some instances they may involve representatives from 'high priority conversion zones'[26] and local incubators, which are respectively answerable to the regional prefect and the Conseil General du Nord. In principle DRRT counsellor are also meant to attend these meetings.

Thematic teams complement the grid formed by local teams. These will tend to involve specialists of a specific economic sector. In the Réseau Nord Pas de Calais Technologie, there are three thematic teams. They include the mechanical sector team, the agro-business team, and the textiles team. Each of these operates region-wide. They bring together mainly representatives from 'Technical centres' (which are primarily specialised service providers). Anvar representatives may also be present (Anvar relies on both geographical and sectoral modes of operation, so they will have sector specialists). Specialist educational bodies are also likely to be present at these meetings. The effectiveness of these sector-based teams vary: the agro-business team is very dynamic and effective, the operations of the mechanical sector team is satisfactory, however the textiles team was in the process of being phased out due to low levels of activity (RDT Manager , 1998a).

Most of the Réseau Nord Pas de Calais Technologie RDT activities are very generalist. Recently the 'Comité de Pilotage' asked Réseau Nord Pas de Calais Technologie to re-

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[26] These are called 'Poles de Conversion' in French and aim to pool together all government services in order to foster the economic restructuring of highly deprived geographical areas.

focus its activities on technology; as a result there was a deliberate effort to invite to team meetings counsellors with a specialist technical or engineering background. This is meant to serve a dual purpose: on the one hand there is a clear re-alignment with the initiative's technology transfer mission and on the other hand counsellors' overall knowledge of their colleagues technical area of expertise is enhanced, creating greater opportunities for signposting, experience sharing, etc. This is a significant hurdle in Réseau Nord Pas de Calais Technologie, given that it is one the two largest RDTs:

> "Well, here, a lot of our members are chamber or DRIRE counsellors. They will deal with recruitment, relocation issues etc... The board of directors asked me to focus to a greater extent on technology transfer. Given that these people are not necessarily comfortable with technology related issues, because they do not necessarily have the appropriate training background, I will ask specialists to attend meetings. The goal will be to cover more extensively technological issues and at the same time ensure that the more generalist counsellors get to know these specialists" (RDT Manager , 1998a).

There are no definite explanations fro these consecutive failures in market penetration strategies, however interview data shows that a number of factors may have contributed to the disappointing results.

First, the partnership manager himself acknowledges that his level of expertise of small and medium sized enterprises was limited when he took his functions. By defining the very small firms (5 to 20 employees) as the target client group in the first market penetration strategy, he overlooked the fact that these were the most difficult to reach. Therefore, in these early stages the opportunity to build on early and small successes was foregone:

> "Then, in the first market penetration plan, I said: 'well [...] let us visit businesses with 5 to 20 employees'. In fact, I had it completely wrong, because, I realised that these companies were the most difficult ones. [...] [These] are the most difficult to visit, because the managing director is not available. He does everything. This really was not where I should have started. Too bad... I was full of good intentions..." (RDT Manager , 1998a)

Another issue that may have had some impact on the lack of improvement in overall market penetration rates could be the flip side of voluntary activity. Counsellors do not necessarily benefit from tangible and direct rewards for the identification of new clients, nor do their employers. The previous chapter showed that regional institutions make their staff available for the conduct of RTD business in addition to their usual duties and on a voluntary basis. In exchange these organisations are formal partners within the RDT. As such, they extend their product portfolio with the PTR. However, within the Réseau Nord Pas de Calais Technologie they do not commit to a particular level of activity. The partnership manager in Réseau Nord Pas de Calais Technologie made an analogy with a private business to explain the hurdles this represents for his organisation:

> "When we are asked to canvass businesses, I feel like a company's commercial director who does not have the means to gives bonuses to his sales staff. [...]. In a company, sales people are rewarded according to the turnover they generate. Here we are told that we need to increase market penetration rates, in particular in small businesses, where nobody wants to go because they are the most difficult to reach... And we have no means to motivate counsellors whatsoever..." (RDT Manager , 1998b)

Arrangements vary between regions. Indeed in some cases contracts (similar to service

level agreements) are in place and every visit is compensated. This is the case in Rhône-Alpes (the second French case study in this thesis) and in Lorraine. According to the partnership manager, such service level agreements could be used to enhance both service quality and market penetration levels:

> " In my view, service level agreements are the 'healthiest' way of managing the partnership's operations. Since each visit is financed, one can be more demanding in terms of visit protocol, content, conduct and the reports that are fed back [to the RDT]. [...] [Otherwise –i.e. relying purely on good will] one can hardly direct or demand much from company visits... [...]."(RDT Manager , 1998b)

Given oppositions to the introduction of this type of contractual arrangements in the Réseau Nord Pas de Calais Technologie (RDT Manager , 1998b; RIDT Senior Manager, 1998), less prescriptive and subtler means are used to motivate counsellors as well as their employers to enhance and/or sustain their involvement. Direct communication, (in the form of simple feedback on content and number of visits conducted within the RDT framework) with counsellors' hierarchical managers is emphasised. The purpose is primarily to foster dialogue about market penetration targets within the partnership:

> "When the director of a partner organisation receives correspondence requesting information on the canvassing objectives of its counsellors -also members of the RDT, a questioning process starts. As past performance statistics are included [...] he will see that his organisation's contribution is rather poor or on the contrary very good or even average. In any case, we hope to get some kind of reaction. This director may be happy with a very low level of involvement, why not? At least a dialogue on the subject is established.

[...]" (RIDT Senior Manager, 1998)

Finally, and perhaps most significantly, there is strong opposition from some respondents to the types of strategies adopted by Réseau Nord Pas de Calais Technologie. The rationale driving pro-active canvassing was set out at the outset of the initiative and was designed to compensate for low levels of technology transfer in the region. Previously technology transfer institutions tended to respond to clients when contacted; however overall transfer levels in the region were still considered too low. In order to tackle the problem, a more pro-active stance was promoted from the very inception of the Réseau Nord Pas de Calais Technologie:

> " The idea was to 'reveal' demand, while previously the focus had always been on supply. In other words, institutions 'sold' their technological expertise when customers came along, whereas here we wanted to invert the process. We wanted to ensure that 'ground sensors' [i.e. counsellors] could 'lift' latent demand, i.e. capture and transform it so that it can be satisfied [...]" (Past Anvar Regional Office Managing Director , 1998)

Each subsequent market penetration plan relied on this rationale. However, the earlier discussion of goals and objectives showed that there is no unanimous agreement on the value of this approach. In fact, the Chamber representative rejected outright this approach to client visits:

> "Why should there be any demand? There will never be any demand. That is the problem. All the partnerships and networks of the world will not make any difference. A company that has got a project will always find partners. There is no problem at all. I have never seen a managing director who sat saying to himself: 'I have a wonderful idea, but I do not know how to do it'. No, they

always find a solution. They naturally come to see us. No need to go and see them." (ARIST Senior Manager, 1998)

Some interviewees, in fact highlighted the adverse effects forced awareness campaigns and canvassing could have on institutions' reputation and the effectiveness of their activities:

" Sometimes these hap-hazard awareness campaigns make more damage than good. I'd say that we could have a negative effect on the people we are supposed to make aware of sources and types of support. I mean these campaigns may be badly conducted, raise customers' expectations without meeting them. It's for show. It is not important. There must me a level of quality and.... a level of professionalism as much in innovation promotion and awareness campaigns as in actual delivery and coaching of project holding companies." (ARD Senior Manager, 1998)

This problem is compounded by the difficulty Réseau Nord Pas de Calais Technologie is likely to experience when aiming to co-ordinate client visits. Indeed, the overall attitude communicated during the interview by the Chamber representative towards this issue is plainly undermining the co-ordination goal:

"What is this philosophy? At the beginning it was perfectly clear: that is 25 of us do not go and bother the same company. But we know it is not the case! (Repeated twice) If I want to find clients, I visit companies. If a lab wants to find customers, it does the same thing. In any case, we will all go and visit the same companies, particularly if these have 'value'. If they have no value, nobody goes to see them. There isn't any business to be made." (ARIST Senior Manager, 1998)

This may potentially be a serious issue given that in the Réseau Nord Pas de Calais Technologie, Chamber counsellors (including those affiliated to the enterprise agency which they host -the ARTIST) have in 1999 prescribed 23 PTR grants out of a total of 98 (Réseau Interregional de Diffusion Technologique, 1999). This 23,5% activity level was the highest of all partners. In other words chamber and ARIST counsellors are heavily relied upon in Réseau Nord Pas de Calais Technologie.

In conclusion, market penetration strategies can be summarised by a shift from pro-active canvassing to a more re-active co-ordination of client visits and a greater focus on technology related matters. This shift took place over time, as structured market penetration plans led to little improvement in overall client visit numbers and in market penetration levels. Interview data shows that the lack of incentives to increase the number of new clients, the partnership manager's limited prior experience of the sector, and in some instance a questioning of the very rationale of market development strategies by some members could have been significant hurdles in the case of Réseau Nord Pas de Calais Technologie. The next section analyses another fundamental aspect of Réseau Nord Pas de Calais Technologie operation, which is the provision of PTR grants.

6.4.2.2 Providing PTR

As illustrated in the previous chapter, the PTR grant is a key differentiating feature of all RDTs. Unlike most grants administered by public administrations, it is very easy and quick to set up; further, decisions are made very rapidly. This makes it a valuable pump-priming fund for technology related business projects. However, is this differentiating feature important and valued by institutional partners and individual members? In this section we analyse partners' perceptions of the role and importance of

this grant in the overall operation of the partnership.

RDTs remit is clearly stated in the 1995 prospectus released by the government. It requires RDTs to:

> "Follow, in particular, the PTR (Prestation Technologique Réseau), a financial support made available to RDTs by the ANVAR" (Ministère de l'Education nationale de la Recherche et de la Technologie, 1995)

The above statement may be underplaying the importance of the PTR. From the point of view of local partners in the Réseau Nord Pas de Calais Technologie, it could be considered as one of the 'gelling agents' in the partnership. The financial support it represents (albeit limited in amount, as shown in the previous chapter) is appealing to partner institutions, it therefore promotes their involvement in the partnership:

> "The PTR is a carrot, particularly for Chambers of Commerce, because it provides them with a decision-making instrument, that they do not have in other intervention tools. [...] The PTR enables the Réseau Nord Pas de Calais Technologie to sustain its activity levels" (Regional Anvar Representative, 1998)

There seems to be consensus amongst interviewees that the PTR acted as an incentive for partners' counsellors to become members of the network:

> "Well, I think that there was a significant effort from the partnership manager to share the networking concept with partners. In my opinion, the financial aspect must have helped. The PTR aspect... There was nothing equivalent. Then this tool was made available and may have been an incentive to become member, even for those who were nervous about the initiative" (Director

Conseil General Nord , 1998)

> "This is like a carrot for network members. Since they are members of the network, they must have something extra on offer for clients. That's an incentive for people from the Chambers, the Technical Centres etc. to become members. It was not sufficient to say to them 'Listen, this is nice, we will teach you how to work together...' (Laughter) It would not have worked!" (RIDT Senior Manager, 1998)

However partners seem to perceive different benefits derived from members' ability to prescribe the PTR. The partnership manager, for instance, emphasises the legitimacy counsellors' activities acquire as a result of this public sector mandate and highlights how their status is enhanced:

> "When you are a member you can prescribe a PTR. I'd go even further and say that to prescribe a PTR you have to be a member, because all PTR applications have to be signed and backed up by an RDT member counsellor. And this, too, is a little advantage, because it allows them to enhance their profile in the eyes of business people: 'I am a network member, therefore I will get you a PTR grant'" (RDT Manager , 1998a)

By contrast, a less positive view was also expressed, and indeed the partnership's chances of survival without the PTR were questioned:

> "So, why does it work? It works because there is the PTR. Therefore if I visit a company, I will say: 'you can have a discount on this feasibility study'. It is easier to engage the company than if I were to say; 'Well we need to think about this. You will have to spend money etc.'... So that's the trick, it's the carrot. That's why the network functions. But you take this carrot away, it

won't operate any more" (ARIST Senior Manager, 1998)

Furthermore, there seemed to be a consensus that partners, particularly specialist service providers, considered important the opportunity to boost their revenue when servicing RDT customers:

> "So, each organisation contributes to the partnership according to their institutional interest. Technical service providers, in general... at the beginning, see primarily an opportunity to increase their revenue" (Regional Anvar Representative, 1998)

> "It [the network] is very directed too... I can say that I would have thought... In fact, very directed to generate business for institutional service providers" (ARIST Senior Manager, 1998)

In conclusion, this section showed that the PTR is seen as important for everyone involved in the partnership, but for different reasons. Some partners have cynical views about it and argue that without it the partnership would fall apart. This attitude mirrors a strong focus on organisational (as opposed to partnership) interests and also reflects what has been described in the literature as budget enlargement motives for partnering. At the other extreme, some partners underline the legitimisation that a public sector mandate carries. Despite these variations in perspectives on the PTR, there seems to be a general consensus that in some ways the PTR is a 'carrot' both for companies, which benefit from the pump-priming funds very rapidly, and for counsellors for whom the ability to prescribe it is presented as a status symbol.

6.4.2.3 Counsellor Training

Visiting clients and providing PTR are routine activities within the Réseau Nord Pas de Calais Technologie. The provision of training is more likely to be organised annually

and content likely to vary depending on identified needs. Training provision is generally associated with upgrading skills and competencies. Is this the role it fulfils within this partnership? Can training be a function that strengthens collaboration? This section analyses interviewees' perceptions of the role of training within Réseau Nord Pas de Calais Technologie.

The 1995 prospectus specifies that as part of their remits, RDTs should:

> "Contribute and enhance each counsellor's professionalism" (Ministère de l'Education nationale de la Recherche et de la Technologie, 1995)

In Réseau Nord Pas de Calais Technologie, training programmes are set up to fulfil this mission. It is one of the most active RDTs in terms of training provision with the equivalent of 247 delegate days provided in 1999 (Réseau Interregional de Diffusion Technologique, 1999). In total it offered 11 different programmes, while most RDTs tended to have half as many (Réseau Interregional de Diffusion Technologique, 1999).

Training events are generally organised in independent premises, sometimes as summer schools or one-day events, and tend to focus on a small range of themes directly relevant to counsellors' activities (for example, communication, diagnostic, project management, marketing finance etc.) as well as the market penetration objectives of the RDT (with for example training days centred around issues faced by companies within the textile industry and the technologies that are relevant to them (RDT Manager , 1998a).

This dual focus is reflected in respondents' perceptions of RDT training. Indeed some of the counsellors clearly value the possibility they have of enhancing their skills and competencies (ARIST Senior Manager, 1998; EDAW TSD, 1998) . In that sense the RDT performs an HR function for them. Such training is also directly linked to Réseau Nord Pas de Calais Technologie's objectives, and in particular that of overall professionalism and homogenisation of practices:

> "The internal mission is centred on membership. It is about gathering members on neutral ground (therefore neutral from ministries and other institutions and organisation). So gather members on neutral ground in order to develop a shared culture and enhance the professionalism with which businesses are supported" (RDT Manager , 1998a)

The quote above shows that the desire to generate a shared culture among counsellors is part of the rationale for the provision of training via the Réseau Nord Pas de Calais Technologie. However, once again, the chamber representative questions whether this occurs at all:

> "Sure the RDT provides a range a training programmes etc.. These provide additional competencies normally. Now, whether these lead to changes in attitudes... I am not convinced that there is much evolution." (ARIST Senior Manager, 1998)

In conclusion, counsellor training is a significant aspect of Réseau Nord Pas de Calais Technologie's operation. With targeted training programmes and away days the partnership adds tangible value to members, whose professional skills can thus be enhanced. Both counsellors and their parent organisations value this. In a sense the Réseau Nord Pas de Calais Technologie performs a significant HR function that

ultimately benefits them. Beyond this, and from the perspective of the partnership, large scale training sessions focused on topics directly relevant to the target market's needs are seen as ideal means of homogenising counsellors' approaches and practices. More importantly and in the long run, they may be means of enhancing the overall professionalism with which service delivery takes place, a key remit included in the 1995 prospectus.

Respondents emphasised the socialisation that takes place during these events and highlighted its importance in the effective management of the Réseau Nord Pas de Calais Technologie's membership. This aspect is further explored in the next section, which focuses on the benefits associated with membership and the evolutions to which it was subject over time.

6.4.2.4 Membership Management

Large-scale training events are the main means by which counsellors from different institutions get to know each other. Often residential, these focus as much on socialisation as they do on training content. Indeed a key priority of the partnership is to ensure that members know each other well and can collaborate irrespective of organisational boundaries.

Réseau Nord Pas de Calais Technologie's membership is –with that of RDT Brittany- the largest of all RDTs. In 1999 the partnership had 108 members (down from 133 in 1998- (RDT Manager , 1998b)). This is to be contrasted by a membership of 29 in Lorraine the same year (Réseau Interregional de Diffusion Technologique, 1999). The sheer size of membership makes it difficult to ensure that everyone has a good knowledge of the others. The vademecum therefore, is a useful complement to the regular meetings and training sessions that members attend.

However, these all-encompassing figures mask varying degrees of involvement and activity within Réseau Nord Pas de Calais Technologie. In order to focus efforts and energies on counsellors actively using RDT resources, the partnership decided in 1998 to create an associate membership status. Those who were only occasionally called upon, or who would not necessarily spend time on canvassing, became associate members. As associate members, they may provide counselling in their area of expertise, however they cannot prescribe a PTR grant, a privilege of full members (RDT Manager , 1998b).

The above mirrors, to some extent, choices that members have to make in terms of commitment to the partnership. They are neither co-located nor seconded full time to the partnership (see chapter IV). In fact, sometimes the proportion of time they can dedicate to RDT business is rather limited:

> " The parent organisation says: 'that's what you must do.' Very well. 'But we allow you to use 20% of your time for a specific mission, defined as part of our regional policies...' But that's 20% of their time! One can not imagine counsellors making their own this global mission: they do not have the means to do so!" (ARIST Senior Manager, 1998)

The above may have compounded the partnership's difficulties in raising levels of market penetration discussed in previous sections. It also links with a fundamental issue: that of service branding and counsellor 'identity' when dealing with companies. As highlighted, when the partnership's public relations policies were analysed, members relate to customers as employees of their parent organisation rather than partnership members. This is the result of the partnership's own policies:

> "Member counsellors are not partnership counsellors as such. Their

> contribution is more of a fundamental, basic activity [...]. They are partner institution employees, and they carry on with their normal job. But they have to keep in mind that they are members. Therefore we do not impose their approach to clients. Those who meet clients do not necessarily make reference to the partnership. At the beginning we did not ask them. At the moment, this approach is changing a little." (RDT Manager , 1998a)

The 'change' referred to by the partnership manager is part of small steps to make the partnership more 'visible' than it is. In practice counsellors wear several hats, the partnership is asking them to make their membership of Réseau Nord Pas de Calais Technologie more explicit to clients. This however, seems to be met with hostility by at least one partner:

> "At the moment, the partnership is making a mistake. Service providers want members to represent all partners –to wear several hats- The partnership manager must have used this expression: 'I would like members to represent all partners'. Well that is not their objective. [...] The partnership is about networking counsellors, that is people, not their activities. We are confusing. Membership of the RDT does not mean that counsellors' activities are those of the RDT." (ARIST Senior Manager, 1998).

In conclusion, for the counsellors' network to operate, and in particular for ad hoc (non-mediated) contacts between counsellors from different parent organisations to take place, a level of social interaction and knowledge is seen as necessary. Given the size of Réseau Nord Pas de Calais Technologie's membership and to facilitate this socialisation among active partnership members, the partnership introduced the 'associate member' status. This status is used for members whose expertise is valued, but who tend to engage with the network less than full members. The role of members

within the partnership has focused on providing access to business support. The partnership tended to interfere very little with the way counsellors conduct their business with clients. As a result clients are mostly unaware of counsellors' RDT affiliation. The partnership aims to alter this slightly, however there are signs of opposition to the redefinition of members' role in Réseau Nord Pas de Calais Technologie.

6. 5 Inter-Organisational Learning at Réseau Nord Pas de Calais Technologie

6.5.1 Question 1: Are Value and Operational Crises Components of Partnership Learning?

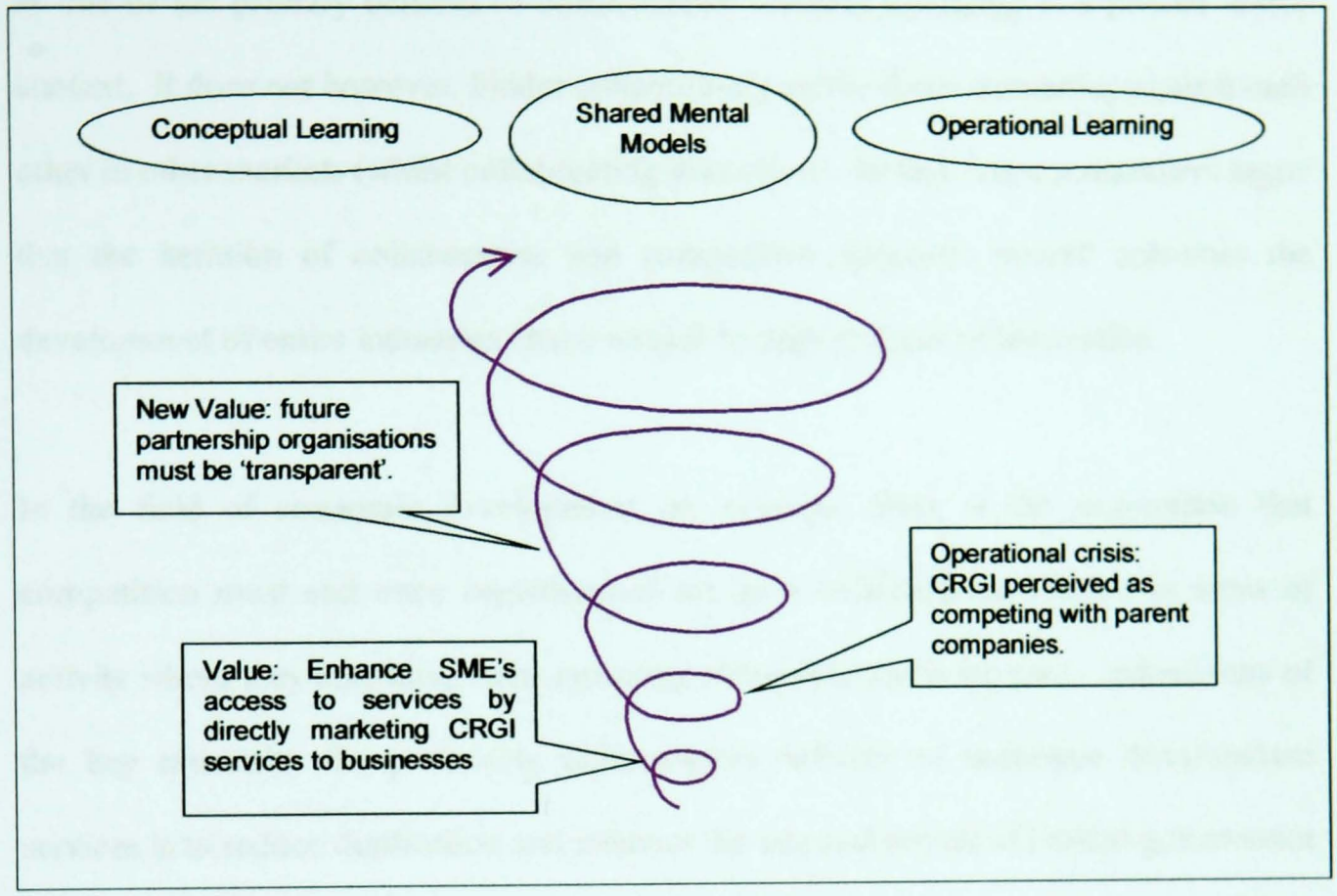
6.5.1.1 Transparency as a Tacit Partnering Norm

The CRGI experience has had a lasting influence on partnering norms adopted by key economic development institutions in the Nord Pas de Calais region. In particular, the organisational prominence, the CRGI has come to assume during the four years of its existence, has been an issue for the funding partners see figure 6.1.

Whilst from the point of view of the CRGI, it was essential to provide clear access to prospective client SMEs – which in turn meant active marketing and advertising campaigns- funding partners felt that it was competing with them, instead of complementing their portfolio of activities. Such an experience has led funding partners to develop a shared tacit norm whereby further collaboration must not overshadow their own organisational activities. Therefore, when Présence Rhône-Alpes was created it

was not given any marketing budget and the guideline provided to the manager of the partnership was that it should be 'transparent'.

Figure 6-1 The emergence of 'transparency' as a shared norm



This meant that clients were accessing Réseau Nord Pas de Calais Technologie supported services through partnering organisations' counsellors and whilst not being aware of the partnership's 'behind the scene' involvement. Figure 6.1 illustrates how the tacit norm 'transparency' has emerged as a key driver of collaboration in the Nord Pas de Calais region.

Competition between collaborating parties has been documented in an economic development context, as well as a purely private sector context. In the private sector however, the apparent conflict between the two modes of operation is not seen as problematic and instead is presented as desirable. Indeed collaboration (often through focused strategic alliances) gives the opportunity to collaborating businesses for

instance to trade complementary resources, but it also enables them to acquire new competencies, which may be critical to the development on new products and services or to entry into new markets. This process is referred to as global learning and is seen as one of the primary benefits of collaborative ventures operating in a private sector context. It does not however, hinder collaborating parties from competing against each other in other markets (whilst collaborating in another). In fact, some researchers argue that the iteration of collaborative and competitive dynamics overall enhances the development of entire industries characterised by high degrees of innovation.

In the field of economic development, by contrast, there is the assumption that competition must end once organisations set up a collaborative venture in areas of activity where they may have been operating independently in the past. Indeed, one of the key rationales for promoting collaborative delivery of economic development services is to reduce duplication and enhance the use and impact of limited government resources. Past research, however, indicates that in practice this is difficult to achieve, as some players are unwilling to relinquish their control and involvement in specific areas of activities.

Therefore, the question is whether the presence of competition within a collaborative set up is detrimental in itself. Research in the private sector indicates that such competition is in fact desirable and enhances overall levels of performance across entire industries. Evidence in the economic development field indicates that competition persists even when it is meant to be superseded by collaboration. Evidence from this case study suggests that not only competition exists; collaboration is seen as an instrumental means of delivering partnering organisations' individual agenda. In such a context, there is consensus that the partnership should not become a prominent institution, but instead

provide partnering organisations a lightweight support structure.

6.5.1.2 Operational Crisis as Market Penetration Levels Stagnate

One of the key stated purposes of the RDT initiative is to enhance the level of technological innovation within SMEs. With this remit in mind Réseau Nord Pas de Calais Technologie manager has repeatedly placed emphasis on market penetration objectives and called for increased levels of canvassing from technology transfer counsellors.

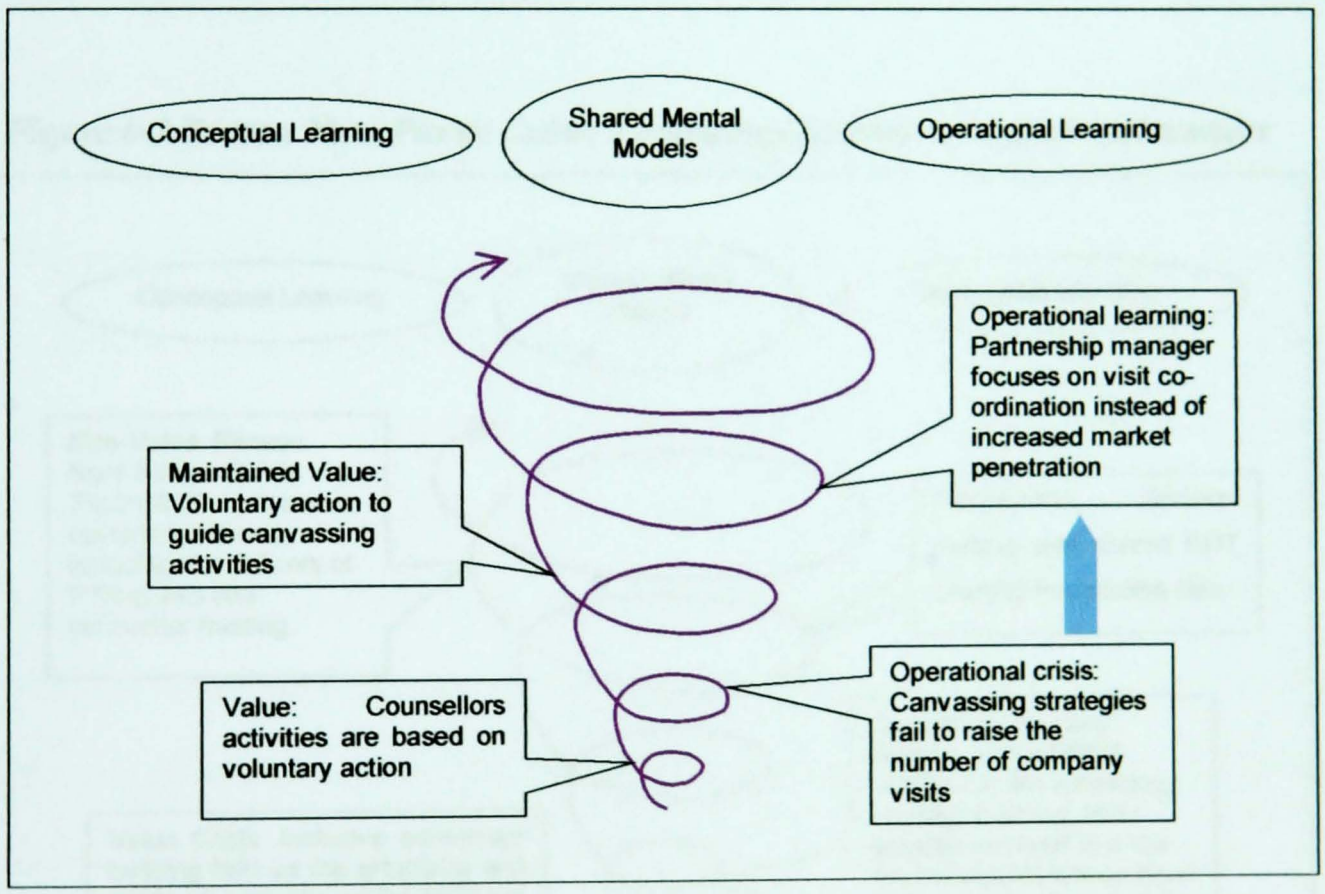
In principle, partnering organisations adhere to these market penetration objectives and therefore commit their counsellors, who are their employees (as opposed to being the employees of the partnership), to spend 20% of their time on partnership activities. However, the experience from repeated and constantly reviewed market penetration plans is that the level of activity per counsellor remains constant, even though they may have committed to increased objectives.

The partnership manager made clear his sense of frustration by referring to himself as a 'commercial director without bonuses to give away'. He also was somewhat critical of the partnership's reliance on the principle of voluntary action. He indeed argued that for the partnership to fulfil its mission of increasing market penetration rates, it would need to use a system akin to that which was developed in Présence Rhône-Alpes whereby each visit is rewarded financially. For him partnering organisations ought to be contractually tied to particular levels of performance. This would in turn push them to actively promote RDT business amongst their employees. Confronted with partners rejection of such a system and their commitment to voluntary action, the partnership manager felt he had little option but to change his operational strategy and therefore

decided to move towards co-ordinating counsellor visits, instead of actively seeking to increase their numbers. Figure 6.2 illustrates these changes.

Figure 6.2 shows how deeply embedded the principle of voluntary action is within Réseau Nord Pas de Calais Technologie. The tensions that exist between this tacit norm and the partnership's espoused theory of action that suggests that it aims to increase market penetration levels could clearly not be resolved. The partnership manager's operational response to the operational crisis can be seen as a means of avoiding conflict and reducing tension levels in a context where deeply held partnership values are not to be revisited.

Figure 6-2 Operational crisis as market penetration levels fail to increase



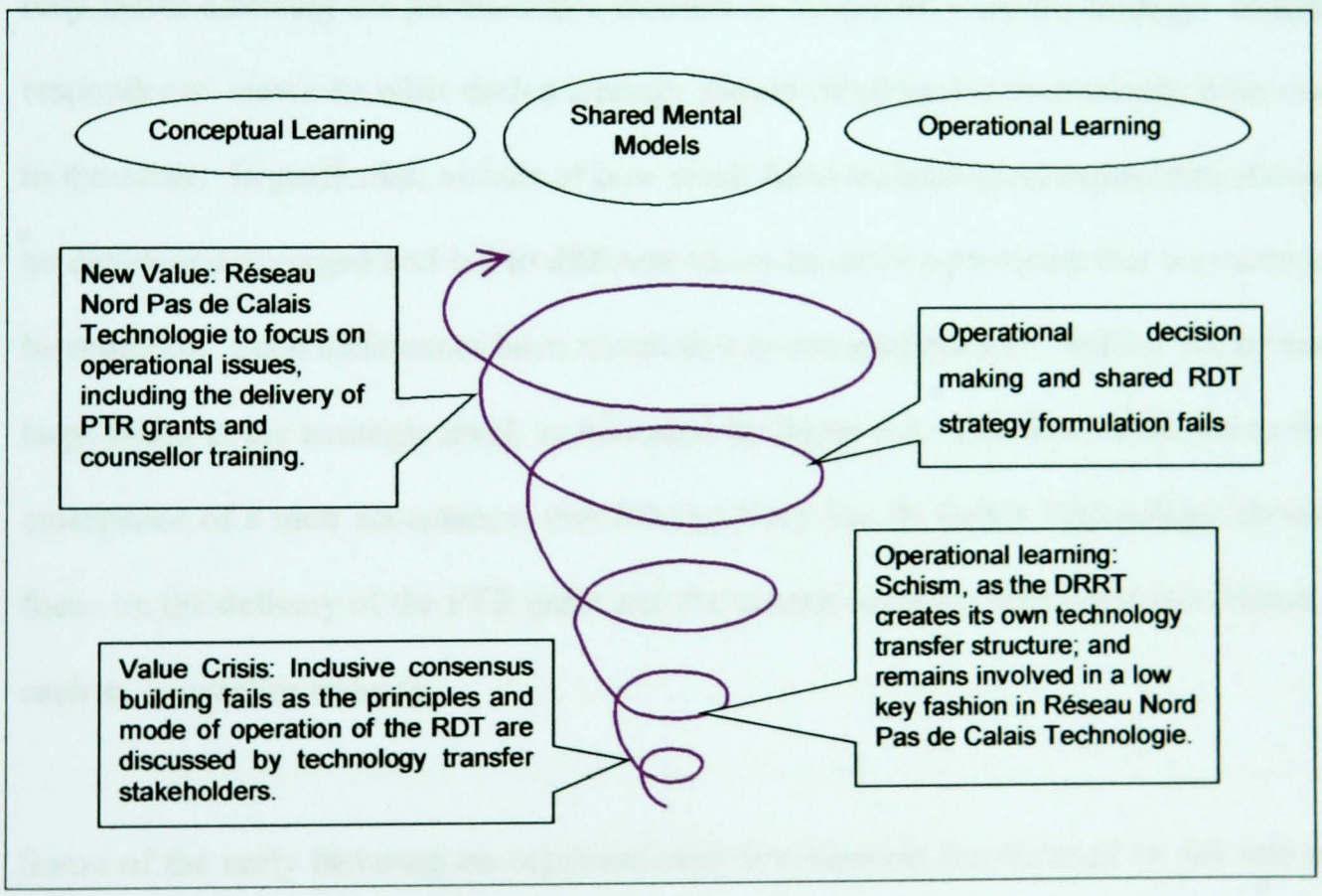
This learning sequence is typical of single loop learning and provides empirical evidence that suggests that operational crises can be overcome by operational learning, a pattern of learning, which was not anticipated when the partnership learning spiral was devised.

6.5.2 Question 2: What Are the Relationships Between Partnership Learning and the Negotiation and Implementation of Partnership Objectives?

In order to explore this research question the two previously analysed learning cycles will be re-examined in conjunction with the learning cycle that resulted in the DRRT creating a competing structure when Réseau Nord Pas de Calais Technologie was launched.

Figure 6.3 illustrates how in the early stages of negotiation for the establishment of an RDT in the Nord Pas de Calais region, key regional actors found it impossible to agree on a format and mode of operation.

Figure 6-3 Réseau Nord Pas de Calais Technology focuses on operational matters



The key principle that underpinned these negotiations, which were facilitated by the director of the regional ANVAR office at the time, relied on building an inclusive consensus. This meant that all institutional actors involved in some way with

technology transfer or SME support were involved in the process, making it extremely time consuming, but also adding to the complexity of the situation and the diversity of interests represented. Partnering organisations were not able to successfully bridge these varying interest and indeed one of the mandated key partner, the DRRT, did not feel that the options adopted suited the form of intervention they wished to see actively promoted within the region. This resulted in a rift, and although the DRRT remained engaged with the RDT creation process, it also launched in parallel a structure, whose remit is so close to that of the RDT. It, therefore, effectively competes with Réseau Nord Pas de Calais Technologie. This move from the DRRT has had a lasting impact of Réseau Nord Pas de Calais Technologie's ability to fulfil its legitimate remit to be the forum within which partnering institutions collaboratively formulate a technology transfer strategy. But the DRRT's distancing from the partnership is by no means the only factor affecting the partnership's inability to formulate a shared strategy. Indeed respondents' views on what such a strategy should entail varied dramatically from one to the other. In particular, visions of how small firms technological capabilities should be developed diverged and led to different views on service provision that was seen to be required. Such differences have meant that consensual decision making has by and large failed at the strategic level, as indicated by figure 6.3. This in turn has led to the emergence of a tacit acceptance, that Réseau Nord Pas de Calais Technologie should focus on the delivery of the PTR grant and the management of other operational issues, such as counsellor training.

Some of the early literature on organisational development has focused on the role of managers and leaders in enabling or inhibiting learning. Argyris (1971) in particular, considered the interaction among different groups of managers (organisational development managers and top management) and analysed how this could impact on the

implementation of an effective change strategy. Could management or leadership issues have any bearing on the learning sequence studied here? Réseau Nord Pas de Calais Technologie's manager clearly feels his hands are tied and is frustrated by his inability to fulfil the partnership's explicit aim of increased market penetration.

In the field of economic development contributions about leadership in partnership contexts are increasing (Coe, 1988; Tilson et al., 1997; Huxham & Vangen, 2000b; Sullivan & Skelcher, 2002). In their analysis of British Single Regeneration Budget partnerships, Tilson and Mawson (1997) consider a range of variables, including sectoral participation, partnership history and formation, operational issues and leadership. The authors introduce the notion of 'real partnerships' where all members are involved and where 'lead partners' are those leading the funding application process. In such a context, it seems that leadership is primarily concerned with securing funding. By contrast the work of Coe (1988), Huxham and Vangen (2000b) and Sullivan and Skelcher (2002) centre primarily on the type of leadership skills and abilities that are necessary to successfully manage a partnership setting where partnering organisations' interest may diverge. Coe (1998) emphasises the importance of creating a vision that can be embraced by all as she discusses the notion of evocative leadership. Huxham and Vangen (2000b) highlight that the hierarchical relationship (which tends to be a key aspect of private sector leadership) is redundant in most cross-sectoral collaborative set ups. This is because of the wide range and multiplicity of organisations involved, and the general emphasis on the parity of partners and consensual decision-making (Grayson, 1993) as opposed to leader-follower type of relationships. By suggesting that partnership managers should potentially be reticulists, Sullivan and Skelcher (2002) highlight how boundary spanning skills can enable partnership managers to build bridges and facilitate communication between players whose norms and values diverge, despite the shared concerns or agenda that brought

them together within a partnership.

Overall, all these authors focus largely on the skills and abilities of the partnership manager and see these as critical to the good functioning of the partnership. The multiple attempts Réseau Nord Pas de Calais Technologie' manager has had at increasing market penetration levels may reflect some of his own weaknesses. Indeed he clearly acknowledges that targeting the very small businesses in his first market penetration strategy was misguided, because these firms are more difficult to reach than medium sized enterprises. But the repeated failures, and their analysis presented in figure 6.3, suggest that other significant factors, independent of the partnership manager's skills and abilities, need to be taken into account when analysing collaborative leadership.

Some of the research that the French scholar Olivier Nay (2001) has conducted on EU funded partnerships in France sheds a different light on collaborative leadership. He explains how the stated goals of French central policy makers has been to 'pool all local actors involved in economic development at a time when the state neither wished to create bureaucratic solutions nor intended to impose the rules of the game'(Nay, 2001 p. 463). According to him this lofty aim has over time created conditions that limit the very flexibility sought. Indeed 'partnership building was heavily informed by early experiences acquired in the midst of uncertainty characterising the first phase of structural funds (1989-1993). The pragmatic rules forged by actors in each region, the often tacit agreements which they have managed to reach during the first series of negotiations for European funding, the image they have constructed of their activities and their role created institutional rigidities, which subsequently affected the tangible practice of partnership' (Nay, 2001 p. 476). Therefore flexibility means that the partnership accumulates a historical baggage (e.g. practices, norms etc.), which cannot be ignored centrally, as regional and national policies may increasingly diverge over

time. Such a divergence can be observed in the case of Réseau Nord Pas de Calais Technologie where market penetration remains a stated policy but does not seem to be a key driver in practice.

Nay's (2001) analysis is very close to the idea that organisations develop theories of action and mental models that largely shape their future decisions and operations. It therefore links well with issues highlighted in the organisational learning literature.

The implication of the above is that collaborative leadership cannot solely be seen as the partnership manager's remit or the outcome of her or his actions. Indeed there is clear indication that interactions between key partnering organisations have a fundamental impact on the emergence of mental models which in turn shape partnership decision making and strategies. Therefore networking and social learning may be as important in to the emergence of effective collaborative leadership as is boundary-spanning skills. This suggests that the boundary spanner should not be seen as the leader of the partnership but as a facilitator of collaboration. Collaborative leadership and the sense of commonly agreed direction is the outcome of a range of processes, which include boundary spanning, but also social learning and networking.

7 Discussion and Conclusions

7. 1 Introduction

Findings from chapters five and six showed that Présence Rhône-Alpes and Réseau Nord Pas de Calais Technologie experienced significant inter-organisational learning. Early indications are that there are strong overlaps in areas where learning occurred, however learning outcomes diverge between the two partnerships. The purpose of this chapter is to unravel these similarities and divergences, by comparing learning sequences identified in each partnership. It relies on parts of organisational learning theory presented in chapter three.

The chapter is structured into four sections. The first section discusses partnership learning issues that emerged from the case studies but were not anticipated or covered by the two research questions. This incorporates the issue of informal decision-making, and informal leadership. Their linkage with the formation of an elite governance structure emphasises the critical role social learning plays in economic development partnering. The challenges associated with the principle of non-hierarchical management are also outlined. This discussion highlights the intertwined relationship that exists between formal, hierarchical partnership structures and informal network forms of organising at strategic and operational levels. These relationships lead to the emergence of unique partnership management challenges encapsulated by the notion of non-hierarchical management. Each partnership's interpretation of the notion is illustrated and their implications in terms of partnership learning capability are discussed. The third issue that is covered in the first section of this chapter is that of institutional system stability. Here the significance of a tacit rule of engagement (that the stability of the regional economic development infrastructure is paramount) is outlined for both partnerships, and once again, the implications for partnership learning are presented and discussed.

The second section of the chapter presents the findings to this study's research

questions. Concepts of operational and value crises are validated and their significance in enhancing our understanding of partnership learning is highlighted. However, the cyclical nature of partnership learning is brought into question due to data that falls outside the pattern of learning proposed by the partnership learning spiral. Avenues and implications for further research are outlined as a result. The strong relationships that exist between partnership learning, and the negotiation and implementation of partnership objectives, are discussed next with the analysis of two partnership learning sequences present in both case studies. Here the value of earlier discussions of elite governance, non-hierarchical management and institutional stability are brought to bear. In particular, constant social learning and the emergence of a clear governing elite in the region are identified as key conditions for the emergence of learning that results in changed norms and values and new partnership theories of action.

The third section highlights the limitations of this study. Particular attention is paid to the scope of the study and the implications this has for potential policy recommendations. Data gathering methods are also discussed, and in particular the desirability of observation (as well as interviews) is highlighted. Finally the scope for generalisation from this study is discussed further.

The last section of this chapter synthesises this dissertation's key findings.

7. 2 Common Issues Across Case Studies

7.2.1 Introduction

This study set out to investigate organisational learning processes, particularly in relation to the negotiation and implementation of partnership objectives. It is evident from the cases studied in chapters five, six and from the cross-case analysis presented above that while the negotiation and implementation of objectives lead to clear inter-

organisational learning, other organisational issues in partnerships (including leadership, managerial control and organisational positioning) are also critical sources of partnership learning.

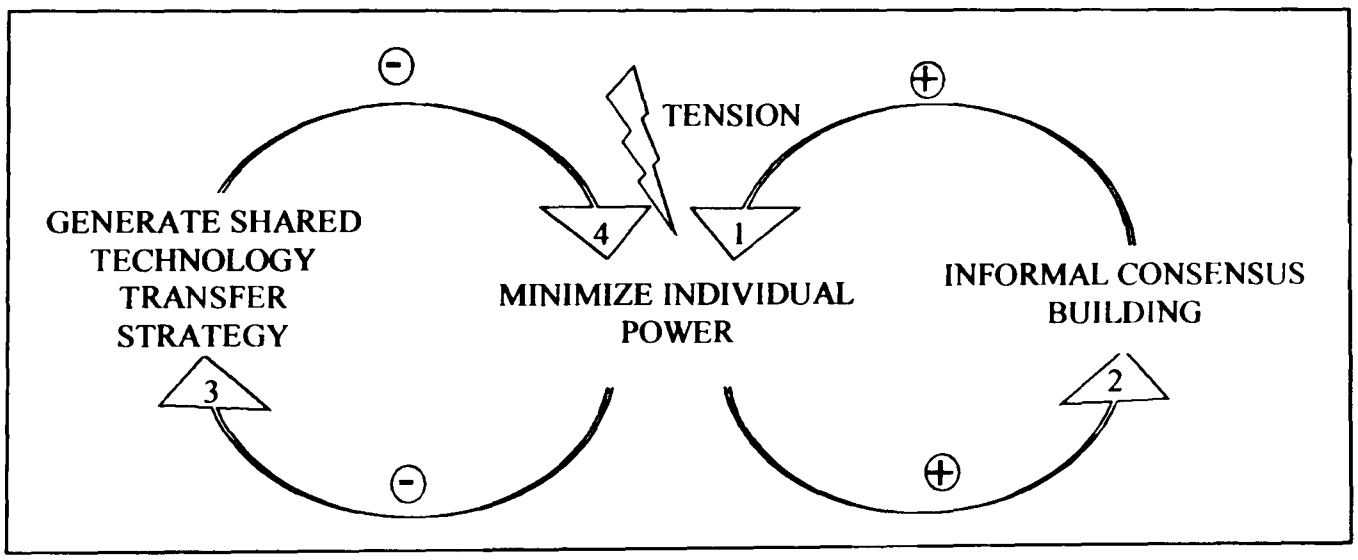
Much of the partnership learning that occurs in these areas is tacit and enabled primarily through socialisation. This is particularly evident in relation to leadership and elite governance (section 7.2.2). Non-hierarchical management and partnerships' positioning in regional institutional landscapes are discussed in section 7.2.3. Each partnership's interpretation of past events and current situation, the form of social interaction that they have developed over time, significantly influence the learning outcomes they achieve in these areas, and explain some of the divergence that is observed in their response to similar issues.

7.2.2 Informal Leadership or Institutionalised Elite Governance?

Although respondents tended not to question the issue of collaborative leadership directly, some of the stories they told were directly related to just that. The ideas expressed about leadership in both partnerships seem to be fitting the distinction that Argyris and Schön (1978) made between espoused theory and theory in use. Collaborative technology transfer policy making within the formal realm of the RDT is the shared espoused theory, also that which is promoted centrally. It assumes harmonious collaboration amongst institutional players within the formally created framework of the RDT. On the other hand, the theory in use assumes decision-making that is informal and conducted outside formal partnership settings. Indeed, partners strive to resolve key issues informally. They extensively resort to coalition building, political manoeuvring outside established decision-making forums in order to achieve consensual outcomes and to develop jointly owned policies. This is particularly well

illustrated by Présence Rhône-Alpes. Private sector involvement in the partnership was encouraged as it was in Réseau Nord Pas de Calais Technologie. In fact, in Rhône-Alpes, private sector involvement in SME policy development (formalised with the GRITT) pre-dated the formation of the RDT. However, as illustrated in chapter 5, one of the most significant crises in the life of the partnership stemmed precisely from leadership challenges that arose from such involvement. The analysis of the learning sequence associated with the partnership manager's departure suggested that informal collaborative decision-making was a key tacit norm within the partnership. By making a range of deliberate unilateral decisions, particularly in relation to partnership marketing, the manager breached this tacit norm (theory in use), although one could argue that his actions were consistent with the espoused theory that Présence Rhône-Alpes needed to develop and deliver a shared technology transfer strategy (see figure 7.1).

Figure 7-1: Single loop learning associated with informal decision-making



The problem with mandating a partnership with the development and implementation of a shared technology transfer strategy is that it may have seemed to provide the partnership manager the legitimacy and authority to direct the process. This, in turn,

would have created significant tensions for established institutional players whose power and authority could potentially be threatened by a newcomer. As one of the respondents pointed out "the most important question remained unspoken and plagued the partnership: who was going to control it all?" (DRRT Chief Executive., 1999).

Figure 7.1 shows that by aiming to minimise the influence of a single individual, members of the partnership were able to sustain their emphasis on informal consensual decision-making (stage 1&2 in figure 7.1). However, in a context where power struggles were not resolved, this meant that partners' ability to generate a shared technology transfer strategy was significantly hampered (stages 3 and 4). While partners' tacit recognition of the need to minimise power enabled them to avoid conflict, it also meant that there was a leadership vacuum, which undermined the partnership's ability to generate a joint technology transfer strategy. The partnership reached a stalemate as the partnership manager's attempt to instigate change further weakened institutional partners' trust and commitment. The crisis that emerged culminated with the partnership manager's departure. Figure 7.1 breaks down the sequence of events and illustrates how it can be analysed in terms of single loop learning. Indeed the partnership's theories in use relating to decision-making did not alter. There is a positive and reinforcing relationship between limited individual power and informal decision making, however, the negative impact this has on shared strategy development is not considered.

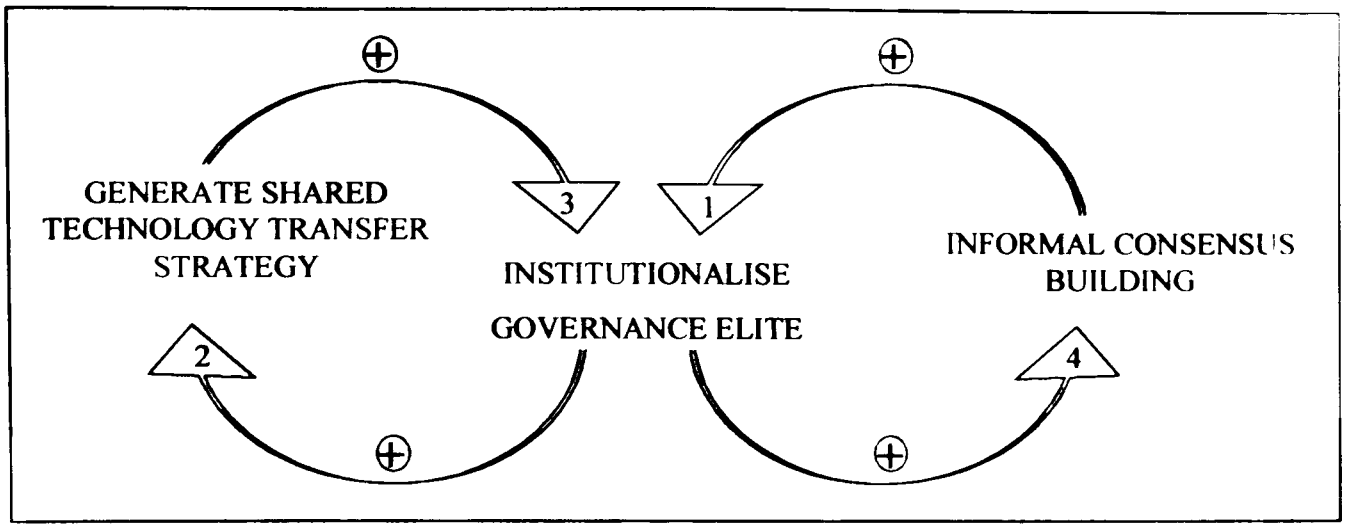
In the case of Réseau Nord Pas de Calais Technologie (and at the time of the interviews), the partnership found itself in a similar unproductive single loop learning cycle, which led to strategic stalemate as illustrated in chapter 6. The partnership manager attempted to overcome this to some extend by focussing on operational objectives (as in the monitoring of PTR deliveries), however the difficulties he

encountered in raising levels of activity (through visits and PTR grant applications) suggested that the effectiveness of this 'coping strategy' was rather limited.

In Présence Rhône-Alpes, paralysis was eventually overcome. Some of the factors that triggered change included the late appointment of another partnership manager, but also the appointment of a new chair for the Comité des Industriels. However, the true catalyst for change in Rhône-Alpes was the open recognition of the so-called 'gang of four' as the ultimate movers and shakers and the source of policy development in the region (see figure 7.2).

The frequent use of the expression 'gang of four' in interviews denotes a progressive institutionalisation of their group as governing elite and source of policy making in the region. It can therefore be argued that progressively the partnership achieved double loop learning. The open and explicit recognition of this governing elite reaffirmed their regional leadership and the significance of each member institution, whilst placing them on a level playing field. The shift of emphasis from the traditional model where one organisation dominates within its clearly defined policy field, to a model where a governing elite dominates regional policy making facilitated these organisations' refocus on the generation of a shared regional technology transfer policy. It also made their institutional struggle for leadership redundant, replacing it with a struggle to 'belong' to the governing elite. As a result, partners in Présence Rhône-Alpes were able to nurture their tacit norm of informal decision making, while accepting to share power and jointly generate policy as illustrated in figure 7.2.

Figure 7-2: Institutionalising the governing elite



In this redefined environment, partnership decision-making is seen as a coalition building exercise and a political game. As shown in section 5.4.4. partners have grown to accept that the majority's view should prevail as long as those with diverging views are given the opportunity to sway their partners.

Chapter two has shown that much of the research on economic development partnerships has centred on joint collaborative strategy development. This type of research has been an important source of policy recommendation. The evidence from this study suggests the underpinning, and perhaps more significant challenge, is to establish a mode of governance that is acceptable to all key stakeholders. Therefore, the managerial investigation of collaborative decision making processes and the political analysis of governance systems need to be bridged in order to generate new and practical knowledge of collaborative capability.

In their analysis of modes of governance in partnership settings Lowndes and Skelcher (1998) identified the limitations of assuming that the principles of cooperation and mutuality associated with ideal type networks readily apply to partnerships. They further highlight the need to pay more attention to the issue of power (1998 pp. 331):

> "What remains unanswered – and to some extent, unasked – are the conventional questions of the pluralist debate: who has power, who gains and loses as the policy makers' obsession with networks and partnerships grows?"

Le Gales (2001) shows that urban political elites have deliberately encouraged the formation of networks in Rennes, using them as means of restructuring power and authority in policy fields such as culture, urban planning and property development (Le Galès P., 2001 pp. 168):

> "The redistribution of authority goes hand in hand with the multiplication of some policy networks, the development of regulation mechanisms through negotiation, cooperation based on interests but also on trust or values together with new forms of domination and conflicts."

Although the issue of conflict is a significant part of the partnership literature, it tends to be associated with clashes in organisational culture that need to be overcome in order to pave the way to effective dialogue and joint working (Coe, 1988; Diamond, 2001; Eden et al., 1996). Cope and Goodship (1999) analyse conflict in terms of entrenched interests and as a 'carve up of the state'. Work on governance extends this view. Le Gales (2001) as well as Lowndes and Skelcher (1998) suggest that conflict may need to viewed in the context of emerging local governance systems. This study shows that once membership of the elite is accepted and openly recognised, the development of joint policies may be seen as an operational challenge rather than a strategic issue that may threaten the existence of one partner or another. Further, the study and evaluation of collaborative leadership and of boundary spanning (Huxham & Vangen, 2000b; Coe, 1988; Williams, 2002; Sullivan & Skelcher, 2002) (often associated with the specific skills that partnership managers need to nurture) may be strongly affected by the governance context within which it is conducted. The sometimes prescriptive nature of these discussions may need to be moderated by considerations associated with the

formation, stability and membership of elite structures of governance, as the latter can be considered as a necessary, if not a sufficient, condition for effective partnering.

The above also sheds new light on the 'transformation' argument popularised by Mackintosh (1992). Basset (1996) showed that in some instances, private sector involvement and the call for private sector management practices was driven by a desire to rejuvenate local economies for which the public sector was seen to be unable to provide appropriate leadership because it lacked appropriate tools and experience. The evidence from this study questions such assumptions. In Rhône-Alpes, the partnership manager was drawn from the private sector and attempted to manage the partnership as if it were his own business. This clearly failed, not because his skills as a business manager were inadequate, but because their use was inappropriate in this context. The challenge was not about making the public sector 'more like' the private sector, rather it was about devising an alternative form of leadership that allowed for the creation of a governance system incorporating key stakeholders. Further, the creation of an appropriate governance structure heavily relied on informal decision making and bargaining. Therefore when discussing and researching collaborative capability in a region, the key challenges may be about clarifying who the members of the governing elites are and unravelling their tacit rules of engagement.

To summarise, the comparative analysis of Présence Rhône-Alpes and Réseau Nord Pas de Calais Technologie's learning in relation to leadership shows that increased levels of social interactions amongst key stakeholders (and between these stakeholders and service providers) can foster a widespread tacit recognition that they form, as a collective body, the governing elite in regional economic development.

The formation and progressive acceptance of this form of governance has been a fundamental element in enabling regional partnering capability building in Rhône-

Alpes. By contrast, in Nord Pas de Calais, where partnering issues remain significant, such elite governance is not established and power struggles are not resolved.

7.2.3 Non Hierarchical Management

When asked how one can manage members when there is no source of hierarchical authority, the manager of Réseau Nord Pas de Calais Technologie laughed and responded: "I am still wondering..." (1998b). Then he referred to a number of skills and tools, including persuasion, support, reciprocity and conviviality. He also highlighted how powerless his lack of hierarchical authority made him, particularly when attempting to enhance activity levels within the partnership. The idea that the partnership manager should primarily act as an enabler, rely on persuasion as opposed to hierarchical authority is also strongly emphasised by Présence Rhône-Alpes' manager (RDT Manager, 1999b):

> "[...] the problem is that you can only achieve. You cannot dictate. You need to get people working together by convincing them, instead of dictating to them"

Both partnership managers share similar views on the kinds of skills they need in order to fulfil effectively their role. They both used the term 'non-hierarchical' management when referring to their activities, mirroring principles associated with boundary spanning and 'catalytic' leadership (Sullivan & Skelcher, 2002). Practitioners' use of such concepts mirror to some extent developments in management literature particularly in the analysis of organisational structures. Hedlund's seminal piece on heterarchies (1986) popularised the idea that networked forms of organisations were becoming prevalent in large corporations operating internationally. Subsequent authors have shown that whilst heterarchies presented specific managerial challenges, they were an effective means of operating in the era of knowledge based organisations (Reihlen,

1996); suggesting that network structures are particularly suited to technology transfer initiatives.

Yet Réseau Nord Pas de Calais Technologie's manager points to some of the difficulties associated with the idea of non-hierarchical management and network organising (see 6.4.2). The lack of financial incentives that may influence member institutions' level of commitment and activity within the network is strongly felt in this RDT. Unlike Réseau Nord Pas de Calais Technologie, Présence Rhône-Alpes (among few other RDTs) operates with service level agreements where funding is proportionate to the number of company visits. Such agreements provide a degree of leverage to Présence Rhône-Alpes's manager that Réseau Nord Pas de Calais Technologie's manager lacks (see section 5.4.2.1).

De Bruijn and Ten Heuvelhof (1997) posit that the types of instruments that are needed for network management are different from the so-called first generations instruments suitable for hierarchical management and control:

> "Instruments suitable for use in a network context are the so-called second generation governance instruments, such as covenants, contracts, communicative planning, parameters and incentives." (1997 pp. 123).

They further group these instruments into three broad categories of regulatory, financial and communicative instruments. In the two cases studied, it is evident that regulatory instruments are relied upon extensively, in so far as they define membership management rules: governmental guidelines determine who RDT members are; they define members' operational roles (as counsellors advising businesses). However, it is also evident that Présence Rhône-Alpes uses financial tools as means of providing direct institutional incentives. According to De Bruijn and Ten Heuvelh the "combinations of

regulatory instruments and financial instruments are prevalent" (1997 pp. 129). Such combinations enhance actors' ability to "impair or conversely extend sources of power" (1997 pp. 127), by shaping the characteristics of the governance context and affecting relations between actors interacting within that context. Whilst the potential of combining financial and regulatory instruments is used in Rhône-Alpes, it is not fully exploited in Nord Pas de Calais. As a result, Réseau Nord Pas de Calais Technologie's manager's focus is diverted away from service delivery and service improvement. The need to secure institutional partners' commitment and active involvement in partnership activities is a constant concern. The tactics used include a repeated emphasis on the benefits associated with counsellors' membership of the network. Membership is presented as a privileged status without which counsellors would not be able to obtain PTR grants for the businesses they assist. This is in line with Sullivan and Skelcher's (2002) recommendation that individual incentives (in particular career developing prospects) as well as institutional incentives need to foster effective collaboration. The question is whether in this instance, the use of a status symbol is a sufficiently tangible benefit for counsellors to increase (as opposed to just maintain) their engagement with the partnership. When financial benefits are associated with counsellors' activity levels, increased activity within the partnership context can directly translate into the achievement of institutional objectives, and can impact on institutional career development.

Both partnership managers also emphasise the benefits of socialisation within the partnership. They argue that these are as important as formal professional development opportunities because they help form a set of shared meanings and ties that facilitate client referral, irrespective of institutional boundaries. It could be argued that counsellors, as a body of individuals operating within the RDT context, can progressively develop a unique identity that bypasses institutional boundaries and

relies on their professional status as an identity defining principle (Child & Heavens, 2001). This is consistent with the view that organisational and inter-organisational settings are characterised by the presence of 'tribes', which interact in creating value (Bate, 2000). However, Réseau Nord Pas de Calais Technologie's manager attempts to formalise such an identity (which would involve openly stating to client companies that counsellors are members of Réseau Nord Pas de Calais Technologie) is clearly and strongly resisted. This is particularly true of ARIST representatives who differentiate their way of working, their values and beliefs as well as their services from those of the RDT. As shown in section 6.4.2.2, for the ARIST representative, the partnership is about networking people, not their activities. According to the same interviewee the issue of identity is linked with that of service ownership. Indeed "membership of the RDT does not mean that counsellors' activities are those of the RDT" (ARIST Senior Manager, 1998).

The issues of identity and ownership seem to suggest that the development of a shared inter-organisational identity at the operational level is problematic. This in turn affects the potential and perhaps type of inter-organisational learning that may take place.

A premise of this study, in its early stages, was that the development of shared norms and values is a key outcome of the inter-organisational learning process, this was incorporated in the partnership learning spiral. The analysis of the two cases has shown that there were shared norms and values, although often tacit, which guided the actions of key institutional stakeholders. The question may therefore be whether shared norms and values can arise whilst maintaining distinct identities at operational and institutional levels. Nonoka's (1994) work emphasises the need for 'requisite variety' in effective knowledge creation processes. At the same time drivers towards homogenisation are often present in partnerships / networks. These may include drivers to standardise procedures for instance. Without the latter the very existence of the network or

partnership can be brought into question, yet as shown earlier, too much homogenisation can undermine requisite diversity as a condition for knowledge creation and learning. It can also threaten individual and institutional identities and therefore promote the emergence of defensive reasoning and practice.

To summarise, the findings suggest that the meaning of non-hierarchical management needs to be socially evolved and accepted. Each partnership developed distinct perspectives and, as a result, relies on distinct network management instruments. The partnerships' ability to promote socialisation amongst counsellors is affected by this. Concerns over organisational versus partnership identity, counsellors' reward and reporting structures have a direct bearing on the partnership's ability to develop a sense of cohesion and shared identity at the operational level. In Réseau Nord Pas de Calais Technologie, where the primary tools used in network management rely on communicative instruments, the level of success in guiding counsellors activities has been limited. The partnership manager remains mostly concerned with increasing levels of activity. By contrast, in Rhône-Alpes the notion of 'non-hierarchical' management has been interpreted differently. In particular, partners have sanctioned the use of financial instruments. The latter has enabled the partnership manager along with partners to focus clearly on the nature of the service provided.

7.2.4 Institutional System Stability

Both Présence Rhône-Alpes and Réseau Nord Pas de Calais Technologie have had to decide early on the organisational structure they would use to implement the RDT initiative. Both partnerships had the opportunity to rely on existing partnering arrangements, or to set up an entirely new structure. However the choices they made were not only different, they led to different learning outcomes, despite a shared

concern for sustaining a stable institutional framework within each region.

In Nord Pas de Calais, the CRGI was by and large perceived as an expensive experiment which ultimately led to the creation of a structure in direct competition with its parent organisations. Although members of the newly created Réseau Nord Pas de Calais Technologie embraced the principle of enhancing SME awareness and access to technology transfer services (this was one of their espoused theory, in learning terms), they adopted a theory in use that relied on the principle of a 'low profile partnership'. Unlike the CRGI, Réseau Nord Pas de Calais Technologie was to become a support structure that was not to be seen by client SMEs. Réseau Nord Pas de Calais Technologie would, therefore, keep its marketing effort to the strict minimum.

In Rhône-Alpes the GRITT was seen as a private sector led consultative organisation. The desire to move towards a more formal structure (with greater emphasis on the delivery of technology transfer solutions) has led to the recommendation (by external consultants) that a dedicated and new organisation should be formed; it would employ its own counsellors and deliver the technology transfer agenda on behalf of all the key players in the region. This proposal, apparently in line with government policy and in particular with the desire to enhance access to services, would have inherently led to a CRGI type of operation. Key players in Rhône-Alpes embraced the rationale of enhancing access (espoused theory) however some, particularly the Chamber of Commerce, were quick to assess the potential risk this posed to their own operation and saw the forthcoming formation of such a structure as an encroachment on their territory, and an unwelcome source of competition. As a result of negotiations, the newly formed Présence Rhône-Alpes was to rely on existing resources to deliver the government's agenda (theory in use).

Given the adoption of theories in use which deviated from their espoused theory that access to technological resources should be enhanced, both partnerships had to determine an operational solution that would emphasise increases in technology transfer levels (and therefore appear to satisfy the espoused criteria for the benefit of funding national and regional partners) whilst avoiding the potential risk of creating yet another structure which would cannibalise their activities. This led to the simultaneous presence of conflicting views and priorities within each partnership. Faced with such dilemma, each partnership devised solutions, which share the same rationale but seem to vary in effectiveness.

The government's espoused theory, that SME's awareness and access to technological transfer services needs to be improved, can be interpreted indeed as a requirement to create and promote a one-stop-shop for such services. Such a one-stop-shop could then pool all partners' resources and market its services to SME clients, promoting its brand while associating it with each partner's own range of services.

Alternatively the espoused theory that access to technological resources should be enhanced can also be seen as a need to network existing disconnected sources of supply while establishing an effective signposting system that enables SMEs to access the most suitable source of service, irrespective of the partner they approach at the first inquiry stage. In such a scenario, partners could continue to promote their brand and services independently, while networking their resources and activities 'behind the scenes' due to the framework provided by the partnership.

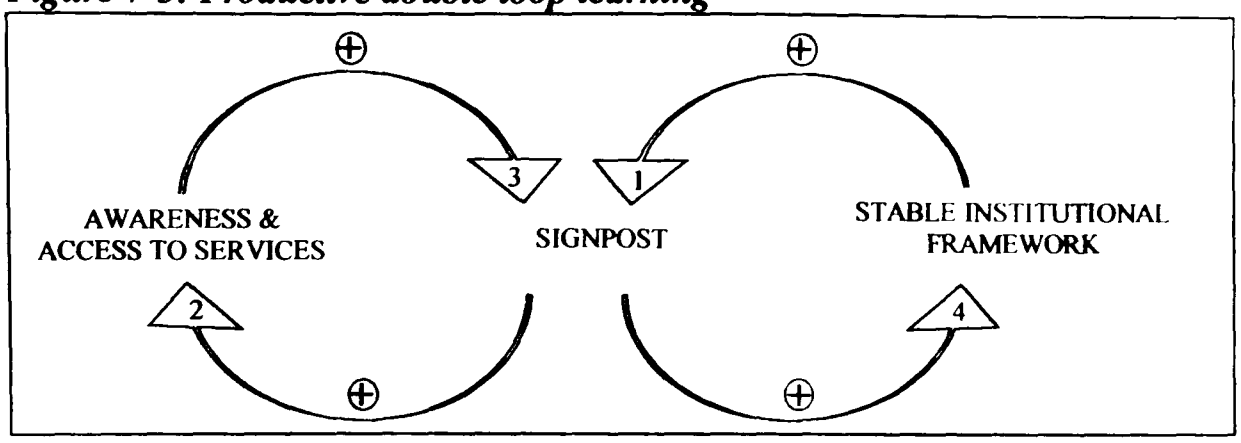
The latter was agreed upon in Rhône-Alpes, but in Nord Pas de Calais, consensus could not be achieved. One of the key institutional players favoured the creation of a separate entity with specialist counsellors that would market its services directly to clients.

The schism that followed in Nord Pas de Calais meant that although the majority of partners 'espoused' the networking solution, it was inherently undermined by the rejection and departure of a key partner. As a result, there appears to be a form of tacit collusion amongst institutional players that Réseau Nord Pas de Calais Technologie will operate the PTR whilst containing its activities and potential strategic significance in the region to such an extent that partnering has become a small subset of each organisation's agenda.

The recognition that, sometimes, potential partners' interests are competing is widely documented in the literature. In the field of housing for instance, Nicol (1998) illustrated the tensions that may emerge between building companies, Local authorities and housing associations. Martin and Öztel (1996) documented competition among partners in their analysis of business support organisations in Birmingham, UK. Similar findings appear in French studies of economic development partnerships (Nay, 2001) including Technology transfer partnerships (Clergeau et al., 2000). It seems, therefore, realistic to expect that in some instances partnering will fail, or that it will merely have the appearance of collaboration (particularly when it is centrally mandated), a point corroborated by Pichierri's discussion of concertation and local development trends throughout Europe (2002).

However, what are the implications of such competition in terms of inter-organisational learning? In the case of Présence Rhône-Alpes the choice to rely on existing infrastructure for service delivery, and use signposting as a means of enhancing SME's awareness and access to technology transfer resources illustrates double loop learning designed to address the increased level of competition that a high profile new structure would generate (see figure 7.3):

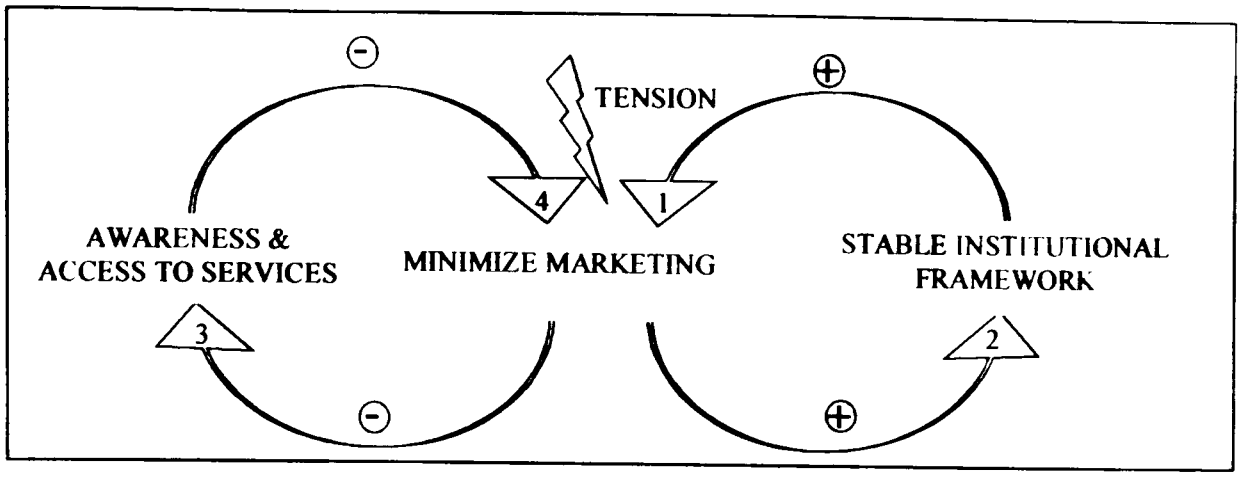
Figure 7-3: Productive double loop learning



The above illustrates partners' collective agreement not to compete amongst themselves, and not to create a new independent structure, which would compete with them. This decision has led them to opt for signposting (stage 1 in figure 7.3), which conducted effectively, should deliver the enhanced awareness sought by the policy (stage 2 in figure 7.3). Figure 7.3 also shows how these partnership choices lead to positive and reinforcing feedback in each of the 'learning loops' and between the latter, leading, thus, to double loop learning. Here, enhanced SME access to support reinforces the perceived validity and usefulness of the signposting solution (stage 3 in figure 7.3), which in turn reinforces partners' ability and willingness to maintain institutional stability (stage 4 of figure 7.3).

In the case of Réseau Nord Pas de Calais Technologie, however, the paramount desire to maintain a stable institutional framework has led to pressures to minimise the marketing efforts of the partnership. Figure 7.4 shows how this learning sequence leads to single loop learning and why the effect in relation to enhancing awareness and access goes against government guidelines.

Figure 7-4: Single loop learning that blocks partnership effectiveness



Here partners desire to minimise competition and therefore reduce the 'visibility' of Réseau Nord Pas de Calais Technologie has led them to decide that marketing efforts should be minimised (stage 1 of figure 7.4). This in turn is enabling current players in the technology transfer field to maintain a level of stability for existing institutional frameworks (stage 2 of figure 7.4).

The positive reinforcing connections between these two elements are illustrated with the plus signs that characterise this first loop. However, minimal marketing is having a detrimental effect on the partnership's ability to enhance awareness and access (stage 3 of figure 7.4) as illustrated by the negative sign. This in turn is creating a negative feedback, which puts pressure on the partnership to abandon its policy to minimise marketing efforts (4). Partners' choices in Réseau Nord Pas de Calais Technologie exacerbate tensions between the espoused theory that access and awareness need to be enhanced, and the theory in use that the institutional framework should remain stable. The inability to resolve this tension means that learning remains single loop (stages 1-2 of figure 7.4), and that only the symptoms of the problems the partnership should address (presence of competition) are tackled (by reducing marketing efforts). This in turn is directly undermining one of the fundamental espoused theories of the RDT policy, that SME's access to services should be enhanced.

There seems to be two factors underpinning Réseau Nord Pas de Calais Technologie's inability to resolve this tension the way Présence Rhône-Alpes has. Réseau Nord Pas de Calais Technologie has signposting procedures in place; however, their effectiveness in reducing overall competition in the region is limited given the overt and independent operation of a structure with the same mission by one of the partners. Such direct undermining limits the effectiveness of the other partners' collaborative efforts. Using game theory and the prisoners dilemma' framework Gulati *et al* (1994) have shown how a situation where a partner is 'cheating' on a collaborative arrangement is equivalent to situations where all partnering organisations operate independently (in other words, compete). This suggests that key players would merely maintain a semblance of partnership should there be some external incentive for them to do so. In this instance, government funding directed to regional RDTs provides this incentive. The second stumbling block, that Réseau Nord Pas de Calais Technologie seems to struggle with, is its members' past collaborative experience, the CRGI. The legacy of the experience is an association between strong marketing and lack of institutional stability in the region. Therefore to tackle potential competition, partners tend to direct efforts on marketing issues. In Rhône-Alpes, this association is not as strong, and there is consensus that signposting may help maintain institutional stability. According to Fiol and Lyles "learning necessitates experimentation, unlearning of past methods and encouraging multiple viewpoints and debates" (1985 pp. 811). This suggests that Réseau Nord Pas de Calais Technologie needs to 'unlearn' lessons from the past in order to progress. One of the underpinning themes of the economic development literature is the idea that experience has a positive impact on organisations ability and willingness to engage in effective collaboration. The above finding, however, suggests that not all experiences are assets.

To summarise, Présence Rhône-Alpes and Réseau Nord Pas de Calais Technologie have a shared tacit objective, which is to maintain institutional system stability. In Présence Rhône-Alpes this is achieved by a strong emphasis on signposting. In Réseau Nord Pas de Calais Technologie the historical legacy of previous partnering experiences has affected partners decisions, particularly in relation to marketing. As in the two previous sections socially evolved norms and values appear to significantly affect partnership learning.

7.2.5 Conclusion

The negotiation and implementation of partnership objectives are prime drivers of partnership learning because such endeavours bring into question each partnering organisation's identity, its values and its 'usual' way of doing business. However, this section showed that there were other significant areas of learning in partnerships. These are respectively linked to leadership issues (with the potential for elite governance) management control issues (with the challenge of 'non-hierarchical' management), and partnership positioning issues (where the partnership may be required not to disturb the existing institutional landscape by partnering organisations).

The analysis of learning sequences in each of the above fields showed that although the problems faced by each partnership were similar, their responses varied. This consequently affected the nature of learning that took place in each partnership. Présence Rhône-Alpes has been more successful in instigating double loop learning therefore altering existing norms, and /or generating new ones. Réseau Nord Pas de Calais Technologie has found it difficult to move beyond single loop learning. Subsequently many of the deeply rooted issues that need to be resolved to enable effective partnering subsist.

The variance in learning outcomes between the two partnerships is related to the tacit norms and values that they respectively evolved over time. Historical events, their emergent interpretations, the social dimension of the partnership and in particular key leaders' implicit rules of interaction and decision making have all dramatically shaped each partnership's ability to build their collaborative capability. This in turn suggests that socially evolved tacit knowledge is a key component of collaborative capability.

7. 3 Answering The Research Questions

7.3.1 Research Question 1: Are Value and Operational Crises Components of Partnership Learning?

In Présence Rhône-Alpes, the partnership manager's failure to understand the small firm context triggered a value crisis. This was overcome partially by the creation of new recruitment procedures for private sector representatives (operational learning). In Réseau Nord Pas de Calais, the partnership's early focus on the very small firm sector failed to deliver the kinds of market penetration outcomes sought (operational crisis), resulting in the principles behind targeting strategies being revisited, and instead a combination of sectoral and geographical criteria were adopted for targeting purposes (conceptual learning). These are just two of the many examples of operational and value crises that occurred in both partnerships studied. Overall, examples and analysis provided in sections 5.5.2 and 6.5.2 show that empirical data do provide evidence of the existence of both forms of crises. Further, in both cases studied there was evidence that operational crises were resolved by changes in existing value systems, or through the emergence of new values. Situations were also evident, where values crises were followed by new operational solutions.

However, the empirical data also showed that the almost predictive aspect of the partnership learning spiral (i.e. value crises followed by operational learning, or operational crises followed by conceptual learning) was not sufficiently robust. This was particularly the case when value crises were followed by new value formation, apparently 'skipping' the operational learning stage (see figure 5.2 for an example). The issue was addressed diagrammatically at the representational level by adding arrows representing these types of shifts in learning (see figure 5.2). But identifying evidence that refutes the cyclical nature of organisational learning processes, limits the value of a tool based on that premise (i.e. that learning is cyclical in nature). In order to assess the implications of the above for the first research question the notion of organisational crisis, the proposal to distinguish between operational and conceptual crises, the idea that learning is cyclical and the potential to represent partnership learning as a cyclical process need to be revisited.

A review of the literature which presents crises, errors and tensions as potential triggers for crises has shown how the ideas presented in early work by Cangelosi and Dill (1965) and Argyris and Schön (1978) have been significantly developed and been enhanced, particularly in the crisis management literature.

Pauchant and Mitroff (1992) and Sagan (1994) document the nature of crises capable of endangering an organisation's survival. While Pauchant and Mitroff (1992) heavily focus on the physical and operational nature of crises, Sagan (1994) highlights that conflicting interests and norms amongst organisational sub-units can be the source of major disasters in high risk industries.

It is with such ideas in mind that the partnership learning-spiral was devised. It shows that crises may stem from conflicting values and norms and from technical/

operational failures. Hence the proposal that value and operational crises may aid sense making of partnership crises and learning. This distinction further fits with the analysis researchers in the organisational learning field, who have traditionally made a distinction between cognitive and behavioural learning (See the review by Fiol & Lyles, 1985 for example and refer to the literature review section 2.6).

The underpinning assumption in the partnership learning-spiral is that the learning process is inherently cyclical, so that value crises are followed by operational solutions (operational learning), or operational crises are resolved with an adjustment or the development of new values within the partnership (conceptual learning).

As indicated in chapter two, the cyclical nature of learning has been presented in a variety of fields within social sciences including total quality (with the work of Deming in the 1950s later incorporated in the Kaizen philosophy developed by Masaaki Imai (1986)) management education (Kolb, 1976) and organisation studies with, for example, the work of Schein (1992) on learning cultures or the work of Kim (1993) analysing the transfer from individual learning to organisational learning. Although they use different labels, their consistent focus on four to five distinct learning stages is striking. Further, the stages of learning identified by these authors fit the two main categories of cognitive / conceptual and behavioural/operational learning (as illustrated in table 7.1).

Deming's cycle (research, design, production and sales (quoted in Imai, 1986)) is mainly designed with quality improvement in mind and has an organisational focus as indicated by its reliance on organisational functions. Imai's work on total quality and, in particular, the principle of Kaizen which relies on the 'PDCA' cycle (plan, do, check, action) is much closer to the individual in a context where learning is seen as an inherent part of individual and organisational continuous improvement (1986).

Kolb's learning cycle (concrete experience, observation and reflection, formation of abstract concepts and generalisations, testing implications of concepts) was devised in order to enhance management education (1976). It clearly focuses on individual learning, yet its impact has been wide ranging and has influenced authors who have a stronger organisational interest. Kim is one of these scholars. He proposes an 'observe, assess, design and implement' cycle which draws heavily on Kolb's work and develops further his cycle, thus illustrating the formation of shared mental models to formulate the transition from individual to organisational learning (1993).

Schein's (1992) analysis of learning cultures is also focused on the organisation and in particular the implementation and revision of organisational goals and objectives. According to him, such learning cultures rely on the continuous and cyclical reconsideration of organisational mission and strategies, followed by a focus on implementation, means and measurement, which may lead to corrective actions. Each of the learning cycles proposed above are mapped against types of learning in table 7.1.

Table 7-1 The cyclical nature of learning

	Stages of learning identified by different authors				
Type of learning	Deming	Imai, 1986	Kim, 1993	Schein, 1992	Kolb, 1976
Cognitive Learning or Conceptual learning	1. Research	4. Action	2. Assess	5. Correction	3. Formation of abstract concepts and generalisations
	2. Design	1. Plan	3. Design	1.2. Mission / Strategy	4. Testing implications of concepts
Behavioural Learning or Operational Learning	3. Production	2. Do	4. Implement	3. Means	1. Concrete experience
	4. Sales	3. Check	1. Observe	4. Measurement	2. Observations and reflection

In the partnership learning spiral, the cyclical nature of learning is extended by using a

spiral representing the growing body of shared norms, values and routines among partnering organisations. This is similar to Nonoka's (1994) use of a spiral representation of knowledge formation. In Nonoka's work, however, the ever-growing spiral movement was used to illustrate the ontological dimension of knowledge, extending progressively from the individual, to the group, to the organisation, and to an inter-organisational setting.

By bringing together ideas such as crises as triggers of learning and concepts such as behavioural and cognitive learning (simplified by Kim (1993) as conceptual and operational learning) the partnership learning spiral was designed to be used as a sense-making tool. The two case studies provided the opportunity to test its effectiveness in explaining crisis formation and resolution processes in inter-organisational settings. The identification of instances where the anticipated 'cycle' of learning was instead replaced by 'vertical' and apparently linear forms of learning (value crisis leading to conceptual learning) was not anticipated in the study.

However, revisiting the literature, it becomes evident that other researchers have observed similar phenomena. For example in their early piece, Cangelosi and Dill stated that "many of the changes that we observed in behavior 'happened' without the kind of explicit analysis and discussions that might signal that changes were impending" (1965 pp. 190). This seems to suggest that operational tensions or crises may have been operationally solved without conceptual development taking place. This is consistent with some of the findings presented by Polanyi in his seminal book *The Tacit Dimension* (1983) originally published in 1966. Polanyi described how, in experimental situations, people received electrical shocks as they pronounced particular syllables. He illustrates how they learnt to avoid pronouncing these syllables although not consciously aware of their actions. In both Cangelosi and Dill's work, and in

Polanyi's analysis of previously conducted psychological experiments, there appears to be behavioural changes, yet there does not seem to be any conscious or cognitive understanding of that behavioural shift. Empirical evidence from the case studies suggests that similarly cognitive problems may be resolved through cognitive development, which may not manifest themselves in actions or behaviour.

To conclude, the first research question focuses on the validity of conceptual and operational learning concepts. It was shown that the distinction between value and operational crises is in line with work conducted in the crisis management literature and is inspired by the separation between cognitive and behavioural (or conceptual and operational) learning, which is widely accepted in the organisational learning literature. Evidence from the case studies readily fell into one or the other of the categories of crises, therefore contributing to the validation of these concepts.

However, the partnership learning spiral, which was devised with these concepts in mind proved a less robust analytical tool. Whilst there were instances where value crises were indeed followed by 'operational learning' that overcame the crisis (much in the same way as there were instances where operational crises were followed by conceptual learning enabling the partnership to 'move on'); there were also instances where value crises were apparently followed by other forms of learning, for instance by conceptual learning. The presence of such phenomena could be traced in the literature and representational adjustments were made to the cycle. Nonetheless, the partnership learning spiral should not be treated as a predictive model, but merely as a sense-making device, which will probably require additional testing, and refinement. Further, developments in cognitive psychology and neuroscience are shedding new light on individual learning and some of these findings are progressively being applied to

organisation studies[27]. To date, however, very few connections have been made between such concepts as organisational emotions, organisational unconscious and organisational learning, despite calls for research in these areas by scholars who have pioneered the analysis of organisational learning and change and still publish on the subject (Cohen, 1976; Cohen, 1991 pp. 139):

> "This point, especially taken together with its predecessors, begins to suggest that organizations may have a counterpart of what has been called for individuals as 'cognitive unconscious' [...], a stock of memory and know how that is not readily accessible to ordinary recollection and analysis. It is, as has been noted, too early to be sure about the generalizability of examples such as those discussed. But it is the right time to assert that students of organizational learning are going to benefit from working out the detailed implications and validity of a rich (re)new(ed) source of ideas."

The above clearly suggests that there are many new avenues to follow in the investigation of organisational learning. New research findings are bound to affect representations of learning. The partnership learning spiral will need to be developed further in order to illustrate effectively the apparently changing direction of learning. Learning may indeed appear cyclical at times, whilst it can be analysed as a linear process at other times, or be conveyed as a dialectical process. Therefore, difficulties to capture the 'geometry' of organisational learning are only partially overcome.

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[27] This is the case with research on the role of metaphorical language in learning -(see for example Öztel & Hinz,).

7.3.2 Research Question 2: What are The Relationships Between Partnership Learning and The Negotiation and Implementation of Partnership Objectives?

7.3.2.1 Introduction:

Although RDT partnership objectives are defined centrally, chapters 5 and 6 have shown that there can be significant differences in interpretation and in levels of acceptance of a particular objective by regional institutions. In Réseau Nord Pas de Calais Technologie, for example, the core concept behind the RDT policy, that is the idea of technology transfer, is strongly questioned by some partners who feel that innovation is the real challenge. Similar questioning (although less confrontational and extreme) on the practical relevance of technology transfer to firms exists in Présence Rhône-Alpes, where some partners voiced the idea that companies should be offered a holistic service. Some partnership objectives, like the need to increase market penetration (so that ever increasing numbers of SMEs adopt technological solutions), or the intention to provide impartial advice, proved clearly difficult to implement in both partnerships. In each case though the difficulties associated with the adoption / acceptance of mandated objectives and their implementation have led to different solutions and learning outcomes. This section explores in depth how the partnerships studied went about implementing mandated objectives in order to identify relationships with partnership learning.

First the challenges associated with the requirement to provide impartial advice are examined. Présence Rhône-Alpes addressed key tensions through a dramatic regional reinterpretation of the original RDT policy, which ultimately questioned the design, and principles of the initiative as it was set out nationally. In Réseau Nord Pas de Calais

Technologie, by contrast, partners seem to still struggle with apparently contradictory requirements that Présence Rhône-Alpes felt needed dramatic action.

Second, the partnership's varying strategies to enhance market penetration levels are studied. In Rhône-Alpes there are clear contractual arrangements in place, which determine service levels and tie them to funding levels. By contrast, in Réseau Nord Pas de Calais Technologie increased levels of activities largely rely on the principle of voluntary action.

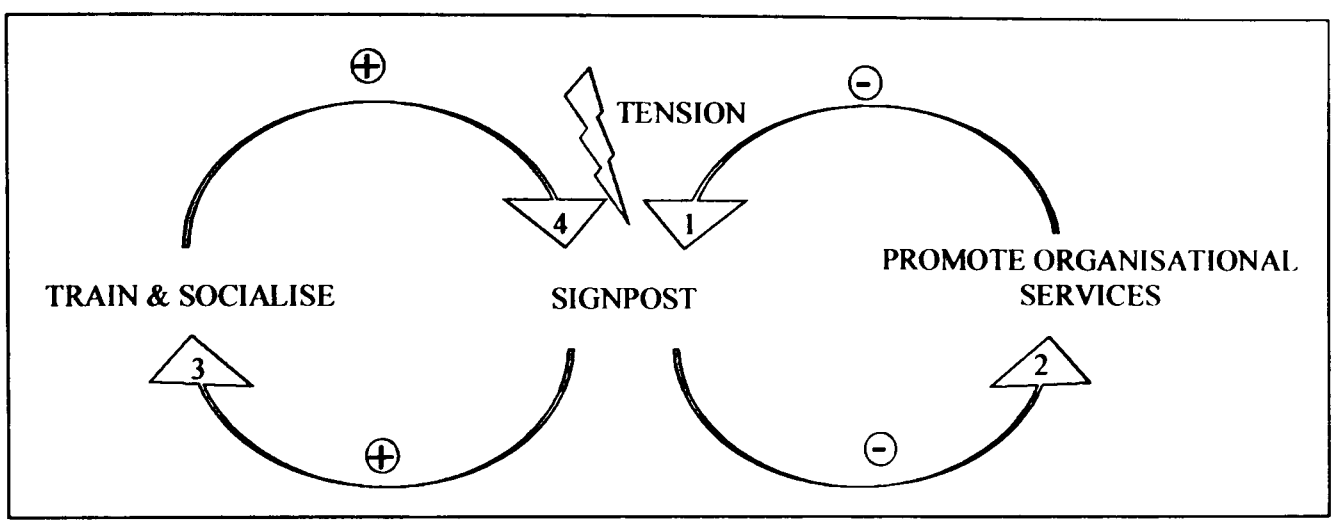
7.3.2.2 Signposting or Self-prescription?

Counsellors operating in the RDT structure are constantly caught between the interests of their parent organisation (which requires them to promote their organisational services) and those of the partnership (which require them to signpost the client to the most suitable service provider, not necessarily their parent organisation). As seen in 5.5.3.2 this is akin to a no win situation, also labelled double bind by Argyris and Schön (1978). In both of the cases studied, partners were well aware of these conflicting interests and had been for a number of years. The solutions they put in place enhanced the chances of good quality referral, but did not address the reason why there were not as many referrals as they might have originally expected. The situation is illustrated by figure 7.5.

Figure 7.5 shows how both Présence Rhône-Alpes and Réseau Nord Pas de Calais Technologie emphasise counsellor training as an opportunity to socialise and create personal networks and bonds that stretch beyond organisational boundaries. The rationale is that personal networks and bonds are means of enhancing the quality and level of signposting within their RDTs. This is illustrated by stages 3 and 4 of the

figure. These illustrate the positive effect that training and socialisation events, which bring together counsellors from all partnering organisations, have on their ability and desire to signpost clients.

Figure 7-5: Single loop learning that facilitates signposting



However, the figure also shows that the promotion of socialisation strategies does not resolve the counsellors' need to satisfy their parent organisations' requirement to promote their own services, which has a detrimental impact on signposting (stages 1 and 2 in the figure).

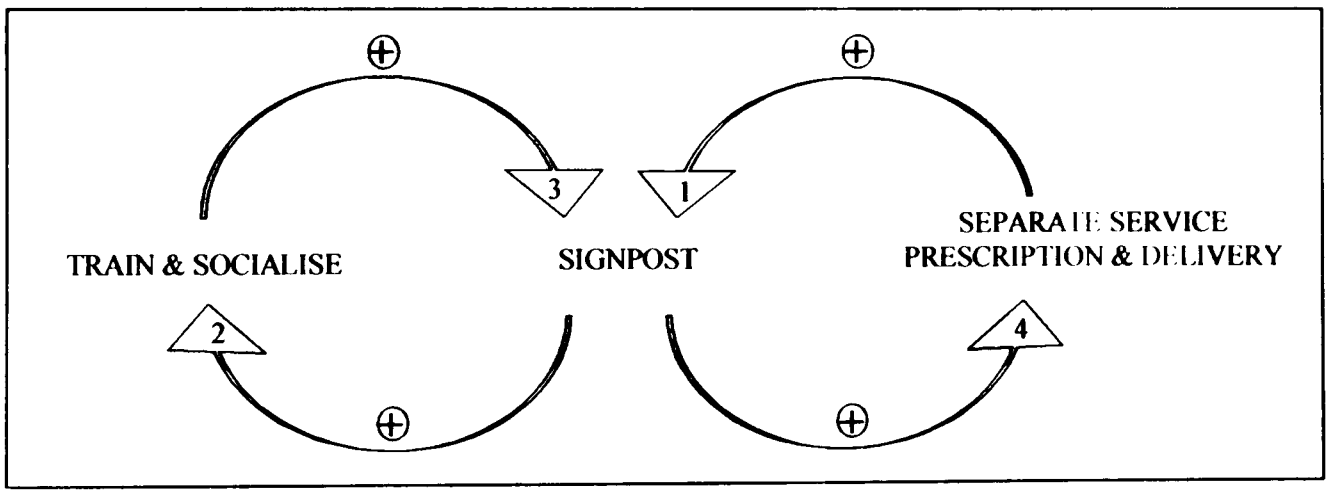
Indeed the right hand side of the figure 7.5 illustrates how such organisational requirement has a negative impact (represented by the negative signs) on counsellors' desire to signpost. The conflicting nature of these requirements (one being organisational, the other stemming from the partnership) creates a double bind situation and generates a significant degree of tension, that individual counsellors have to deal with in their daily activities and decisions, as illustrated in figure 7.5. Such a tension minimises counsellors' ability to fully commit to one objective or the other. This is compounded by the partnership's coping strategies, as the emphasis on training and socialisation does not address the problems generated by partners' tacit requirements.

Despite the difficulties that arise from the presence of conflicting requirements imposed on counsellors, it is evident that both partnerships 'lived' with tension laden realities for most of their existence (in the case of Présence Rhône-Alpes) if not all of it (in the case of Réseau Nord Pas de Calais Technologie.) This raises a question on the sustainability of changes that are generated through single loop learning. Argyris (1976), and Argyris and Schön (1978) have emphasised that genuinely sustainable change and 'productive learning' can only be achieved through double loop learning, rather than single loop learning. The evidence above suggests that although single loop learning does not overcome fundamental issues, and although tensions persist, the partnership seems able to 'survive'. It has learnt to 'cope' with the situation. In this case 'adaptive learning', which is the label used by Senge (instead of Argyris and Schön's single loop learning) appears particularly suited to the situation.

The above may in turn raise further questions on the desirability of 'productive learning' from the point of view of partnering organisations. Are they seeking to maximise the potential of the partnership, or would they be satisfied with a sub-optimal levels of activity at the regional level? If so, what would be the implications for the national sponsors of the policy? The issue of 'satisficing' as opposed the 'optimising' outcomes has been extensively debated in the strategic management literature. In his review of the main strategic management paradigms, Whittington (1993) presents a processual view of organisations where political manoeuvring, bounded rationality and self-interest combine in such a way that personally 'satisficing' rather than profit maximising outcomes are sought. This issue may need further investigation in the context of economic development partnering. Although this study does not provide sufficient data to further the discussion in the context of the partnerships studied, it highlights a potentially significant research area, which may have implications for national policy design.

Whilst Réseau Nord Pas de Calais Technologie put up with the tensions created by the existence of conflicting priorities imposed on counsellors, Présence Rhône-Alpes has taken dramatic steps to address the problem. With an unprecedented decision within the RDT network, regional partners in Rhône-Alpes have agreed to re-structure their technology transfer partnership and refocus activities. A key component of this decision involved convincing existing members (who were actively involved in service provision) to leave the RDT, so that the structure could focus on its diagnostic and signposting missions. Organisations such as the Chamber of Commerce and its affiliated enterprise agency (the ARIST) were directly affected by this decision. Indeed it could have potentially left them vulnerable, given that they would no longer have influence or control over a significant source of business for them. Figure 7.6 illustrates the learning cycle Présence Rhône-Alpes went through.

Figure 7-6: Separating service prescription from service delivery



The decision to hold onto the service prescription mission and let service delivery occur outside the realm of the RDT is clearly making signposting the only means by which client needs of can be addressed. Stages 1 and 2 in the figure illustrate the positively reinforcing link that exists between the decision to focus on service prescription and signposting. The quality and frequency of signposting is further improved through the partnership's training and development activities, most of which are also conducive to the creation of social networks (stages 2 and 3). As signposting quality and

frequency improve, the view that the separation between service prescription and delivery was the most suitable strategy to pursue in the development and implementation of regional technology transfer strategies is likely to be strengthened (stage 4).

In sharp contrast to the learning sequence, which characterised Réseau Nord Pas de Calais Technologie on the same issue, Présence Rhône-Alpes has clearly undergone double loop learning, as illustrated by the reinforcing loops on both sides of figure 7.6. The partnership's restructuring not only underpins higher levels of signposting, but also represents a fundamental shift in collaborating organisations tacit and explicit norms and vision for the partnership. Furthermore, this restructuring at the regional level is also reshaping policy at national level, and is an example of policy learning (Sanderson, 2001; Rashman & Hartley, 2002).

A prominent debate in the French public sector policy-making field focuses on the question of institutional power distribution. These debates are largely connected to France's recent history of decentralisation and state 'deconcentration' (Guyomarch, 1999; Smith, 1999). Smith (1999) shows that while some French scholars associate state deconcentration with national attempts to regain power relinquished through decentralisation, others argue that the process merely enhances regional and local actors ability to enhance governance at their level. The evidence presented above illustrates the strength of influence that regional actors were able to exert on such central issues as membership and policy. Indeed, here regional adaptation of the national policy is so far reaching that the design of the national policy is brought into question. Impetus for change came from regional actors, the so-called 'gang of four'. However, the fact that two of these (the DRIRE and the DRRT) are deconcentrated government offices is most striking given the implications for policy at national level.

The sources of influence and power they used for governance fall into the category of regulatory instruments. According to De Bruijn and Ten Heuvelhof such instruments "influence the number of actors in a network, the power they wield and the intra-organizational pluriformity" (1997 pp. 126). In this context, pluriformity refers to the presence of a dominant player in networks on several levels and in various ways (1997 pp. 122). Whilst in the case above, data available were insufficient to determine whether and how particular actors used their influence at different levels; it is evident that as members of the governing elite, key regional stakeholders reshaped policy in quite fundamental ways by redefining the rules of engagement and membership in Rhône-Alpes.

The question is why were similar outcomes not achieved in Réseau Nord Pas de Calais Technologie. It is not clear whether there was a shared endeavour to resolve tensions that arose from conflicting objectives. There was, however, clear evidence that for some partners (including the ARIST, where such a position was presented in the most explicit terms) their organisational interests would always prevail over the partnership's needs. Are these symptoms of governance structures that have yet to establish themselves, or merely the manifestation of a collective will not to unite? These questions cannot be answered by this study at this stage. More extensive research would be required to surface emerging and existing policy networks. The analysis of their membership and connections with the technology transfer policy field would help determine the answers to the above questions.

Despite differences between Présence Rhône-Alpes and Réseau Nord Pas de Calais Technologie and even though many questions were raised and remain unanswered, a clear common thread emerged between the two case studies.

The ability of both partnerships to deliver and shape their objectives is strongly related to their structure and the presence (and strength) of a governing elite in their policy field. Further, it is clear from Présence Rhône-Alpes's case that a well established governing system was instrumental in enabling the progressive resolution of strategic (re-structuring) and operational (signposting) issues at partnership level. This suggests that the presence of a strong governing elite can be construed as a pre-requisite for effective partnering.

7.3.2.3 Increasing Market Penetration or Just Doing 'Enough'?

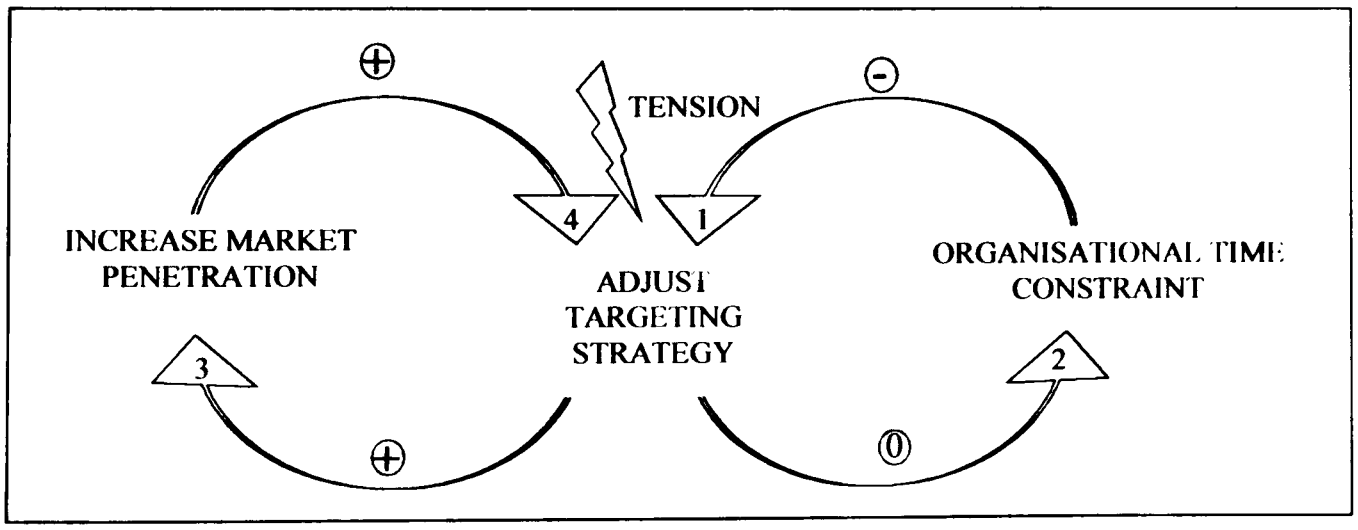
The pressing need to increase market penetration levels of the target SME market was strongly felt within each of the partnerships studied and is one of the prime reasons why RDTs were launched nationally in the first place. Once again though, Présence Rhône-Alpes and Réseau Nord Pas de Calais Technologie have set about achieving this objective using quite different strategies, each of which have different learning outcomes.

Throughout its history Réseau Nord Pas de Calais Technologie has been through an impressive range of targeting strategies (see section 6.3). The partnership seems to have experimented with various forms of market segmentation (by firm size, by industry, by technological theme) and tried various ways of creating incentives for counsellors to increase their number of visits each year; for instance, by letting them agree a yearly target during RDT away days, or by nominally identifying potential target companies and asking counsellors to pick the companies they wish to visit, or by organising training on technological, or sectoral themes so that counsellors are better equipped to deal with companies in these sectors or relying on those technologies.

The partnership manager's evaluation of these efforts, however, is sombre. According to him, "relatively little was achieved" he therefore ceased these efforts. He now refers to "group co-ordination efforts and information exchange in relation to canvassing". His judgement was that one "can not reasonably speak of market penetration plans" (RDT Manager , 1998b). Figure 7.7 determines the different elements of Réseau Nord Pas de Calais Technologie's learning cycle in relation to market penetration.

The partnership manager's main tools to enhance levels of activity ultimately depend on counsellors' voluntary engagement. The methods he used revolved around personal development (through training) and personal choice (through the agreement of nominal targets for each counsellor). They were ultimately there to persuade rather than impose targets. From counsellors' point of view, there does not appear to be any tangible benefits from deliberately increasing RDT workload, all the more as their organisational guideline is that they should spend about 20% of their time on RDT business.

Figure 7-7: Partners' 'theoretical' commitment to increased market penetration



Changes in targeting strategies and the provision of dedicated training may indeed increase levels of counsellor commitment (EDAW TSD, 1998) and could potentially contribute to increased market penetration levels (stages 3 and 4 of figure 7.7). However there is a tension between the time constraints that counsellors' parent

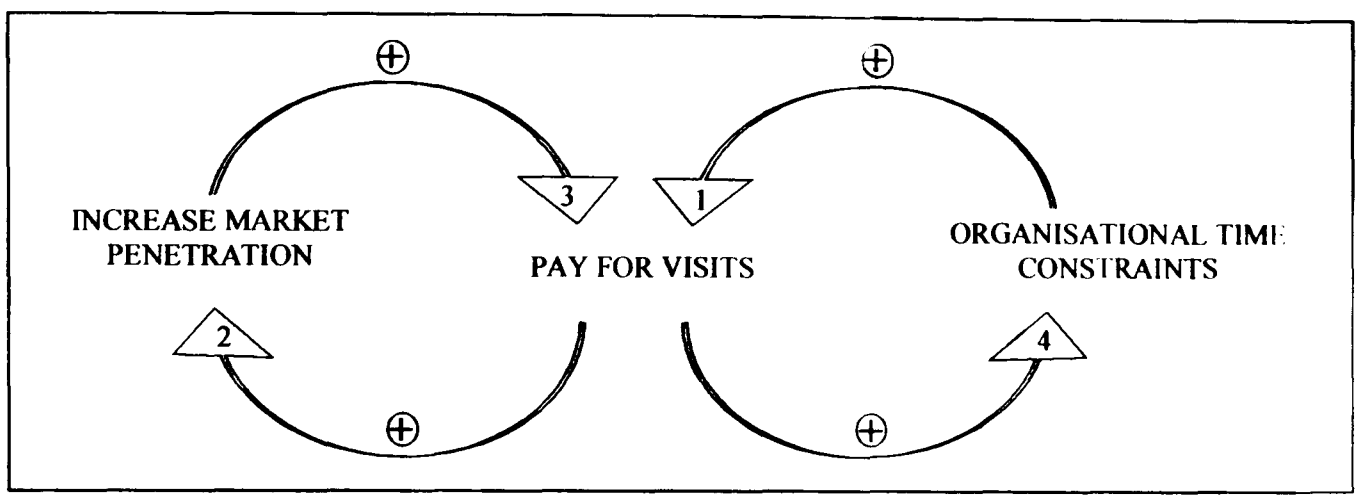
organisations impose on their RDT business and the partnership's constant desire to 'do more' This tension could not be resolved by the repeated changes in targeting strategy, given that the critical element that needs to be affected is parent organisations' prioritisation, through such issues as time commitment to RDT business (stages 1 and 2 of the learning cycle in figure 7.7).

According to Fiol and Lyles (1985), when effective learning cannot take place, organisations trigger change to be 'seen to be doing something'. Such changes do not question prevailing norms and values or theories in use; instead they secure stability and status quo. 'Change for stability's sake' is clearly a strategy adopted by Réseau Nord Pas de Calais Technologie's manager. By instigating and implementing small-scale adjustments, even when aware of their lack of effectiveness, he can create a sense that action is being taken to address partnership issues. This approach enables Réseau Nord Pas de Calais Technologie to survive, and the manager to maintain his position in a context where key partners requirements and prioritisation appear to conflict.

Présence Rhône-Alpes approach to the issue of increased market penetration is more comprehensive in that it involves the types of incentives provided by Réseau Nord Pas de Calais Technologie to prompt voluntary engagement. However, crucially important financial instruments complement the latter, as discussed in 7.1.2. Parent organisations have, as a result, strong incentives to ensure that agreed target market penetration levels are met. The partnership can in turn leverage parent organisations' hierarchical authority within the realm of the partnership, an element that eluded Présence Rhône-Alpes as illustrated in figure 7.7. Présence Rhône-Alpes' learning sequence related to increased market penetration levels is illustrated in figure 7.8.

Figure 7.8 shows that the decision to 'pay for visits' positively influences parent organisations time commitments to the partnership (stages 4), but it also enables the partnership to fulfil its market penetration goals (stage 2).

Figure 7-8: Financial instruments as means of enhancing market penetration levels



This in turn validates the decision to pay for the visits (stage 3), and secures parent organisations' commitment to support counsellors undertaking RDT business because of the financial pay off they obtain as a result (stage 1).

Earlier discussion of the principle of 'non-hierarchical management' highlighted the challenges such a concept posed on partnership managers, who may feel their only leadership tool is persuasion. Kickert and Koppenjan (1997) like other authors point to reticulist skills[28] and to mediation skills, as fundamental elements of network management. This is largely echoed by discussions of partnership leadership and boundary spanning skills discussed in section 2.4.3.2 of the literature review. However, these authors, like the remaining contributors to the same edited text (Kickert, Klijn, & Koppenjan, 1997), clearly emphasise that the battery of instruments available for network management is far broader than persuasion and its derivatives. The latter may rely on ideas and principles as varied as game theory (Klijn & Teisman, 1997), or

[28] Referring to "the ability to correctly assess who should be involved in interaction processes and which information should be given to them" (1997 pp. 58)

perception management (Termeer & Koppenjan, 1997). Nonetheless, all of these techniques can be grouped within the communication instruments category identified by De Bruijn and Heuvelhof (1997). The authors show that in addition to the most commonly emphasised communication instruments, network managers can and do use regulatory instruments (these can help manage network and partnership membership, and can be instrumental in shaping and shifting power within a network) as well as financial instruments (as illustrated by Présence Rhône-Alpes's use of service level agreements in order to meet its market penetration objectives). When combined these instruments can be extremely effective.

In the case of Réseau Nord Pas de Calais Technologie reliance on communication instruments alone proved insufficient. Whereas in Présence Rhône-Alpes, the combination of communication and financial instruments appear to be an effective means of fostering counsellor as well as organisational engagement. Differences in choices between these two partnerships are interesting given that they operate the same policy. The choice to use or not financial instruments is not necessarily tied to the availability of additional financial resources. As pointed out by Réseau Nord Pas de Calais Technologie's manager, they represent a restructuring of previously existing funding arrangements, inferring therefore that they do not increase the financial burden of sponsoring organisations. The issue then may be to determine why a partnership chooses not to use financial instruments for management purposes, and who has control over them.

The above, combined with difficulties to harness counsellors' efforts and enhance their RDT activity levels suggest that the notion of authority needs to be analysed. This poses questions about the control and use of network/ partnership management instruments.

Whilst communication instruments are largely (although not entirely) within the control of the partnership manager, regulatory and financial instruments ultimately depend on the 'gang of four', the governing elite. Without hierarchical authority, partnership managers find themselves unable to rely on coercive or reward power. The main sources of power that they can exploit are linked to their source of expertise (expert power) and their ability to be admired as leaders (referent power). Some partnership managers do indeed command respect and derive authority by relying on their charisma, knowledge and experience. However, one may question whether existing institutional players would want to bring into the equation an individual whose skills and leadership may cast a shadow on theirs. Partnership managers, therefore, find themselves in a challenging position. They are required to achieve set goals but lack sources of authority that could enable them to demand rather then request counsellors' engagement.

The case studies indicate that there may be a need to leverage forms of reward and coercive power within the partnership. They also indicate that the ability to do that largely depends on the governing elite of the partnership rather than the partnership manager. The issue of power has been extensively analysed in organisational behaviour and human resource management literatures. Progress is made in the analysis of skills that make effective partnership managers. There are nonetheless gaps in our understanding of ways and means of leveraging power in an inter-organisational contexts, particularly when the latter are characterised by formal structures with no genuine authority, and informal governing elites with control over regulatory and financial instruments.

7.3.2.4 Conclusion

The comparative analysis of signposting and market penetration objectives has clearly illustrated the significant influence the governing elite has on each partnership's ability to effectively implement each of these strategies. It has also illustrated how the negotiation and implementation of these objectives could lead to diverging learning processes even hen the issues apparently affecting partners appeared to be the same.

In Présence Rhône-Alpes, where key actors have established a modus operandi for collaborative leadership, the partnership has, over time, been fairly successful in addressing some of the root causes of the problems affecting the partnership. By formally agreeing to restructure the partnership, the inherent conflict of interest that existed when service prescription could be carried out by potential service providers has disappeared. By incorporating financial instruments in the panoply of network/ partnership management tools used by the partnership manager, they have enabled the latter to enjoy a straightforward control mechanism, which could simultaneously be used as an incentive to enhance market penetration. In Réseau Nord Pas de Calais Technologie the range of tools and approaches available to the partnership manager has historically been constrained. Although partners and the partnership manager are aware of the issues hampering the successful implementation of each of these objectives, a similar level of collaborative leadership and cohesion is not present. This in turn has limited the partnership manager's ability to achieve meaningful and sustainable change. These findings show that implications in terms of partnership learning can be very significant as Présence Rhône-Alpes was able to achieve double loop learning, while Réseau Nord Pas de Calais Technologie was primarily confined to single loop learning. Indeed, on the basis of empirical data available from these case studies, it appears that:

- If there is a strong governance structure in place the negotiation and implementation of partnership objectives can lead to double loop learning and to

sustainable change in partnership norms and values.

- If there is not a strong governance structure in place, the negotiation and implementation of partnership objectives leads to single loop learning and unsustainable change in partnership norms and values.

Clearly the above findings need to be investigated in other partnership contexts, but should the proposed relationships between governance and types of learning be validated, the management and development of partnerships in economic development could be affected quite significantly. Therefore further investigation of these relationships could potentially contribute significantly to the literature on economic development partnerships. Each of these statements could be used as working hypotheses for research in this area.

7. 4 Study Limitations

The aim of this study was to unravel inter-organisational learning processes in the specific context of the French Réseau de Diffusion Technologique (RDT). To ensure that the study was conducted as a systematic process, choices were made about inquiry methods, the amount of data gathered, and the focus of the study. These choices were necessary: they made the work rigorous, feasible and focused it on its research objectives. However, they also defined its limitations in terms of impact on policy design, methodology and generalisability. Each of these points will be discussed in turn.

The study's focus on inter-organisational learning meant that organisational processes were at the heart of this work. Although clear areas of policy learning could be identified, and despite the fact that important governance issues were unveiled, it

would be unrealistic to expect the findings of this study to lead to prescriptive policy recommendations. Findings may lay some foundations for debates about the potential for inter-organisational learning and the significance of elite governance in economic development. Issues such as exclusiveness/ inclusiveness, democracy and the influence they may have on partnership management and learning are significant.

However, this study did not evaluate outcomes from the perspective of SMEs, which are meant to benefit from the policy. In theory, they should enjoy the effects of partners' learning. They are at 'the receiving end' of emerging governance systems. Partners' perspectives on learning may be rather different from clients' perspectives on learning. Other governance decision-making, and inter-organisational learning instances need to be analysed from both perspectives, before researchers can draw conclusions on policy learning.

Le Galès and Voelzkow (2001) pointed to the significance of the above in a recent review of local production systems in Europe, where French examples were analysed (Crouch, Le Galès, Trigilia, & Voelzkow, 2001). For them, there is a risk that research focused on local institutions and their emerging patterns of governance may represent a form of 'vulgar new regionalism'. Research in the field is likely to suffer should it "fail to take into account the basics of macro-economics, continuing state power, or globalised forms of capital" (2001 pp. 19).

This point applies to this study, and as suggested earlier, it can also be argued that the study's limitations are a function of its focus. The research questions relate to inter-organisational learning, and findings appear to have implications for our understanding of regional governance systems. In order to provide a fuller understanding and appreciation of policy changes brought about, one may need to monitor and evaluate the operation of the partnership to assess the impact it is having on the target market, and more broadly on technology transfer and use within the SME sector. Such a follow up

research project would clearly be useful and would certainly add insight into the potential outcomes of policies that are shaped by governance structures.

The second issue that may affect the reading of this dissertation's findings is related to data gathering methods. The study heavily relied on interview data when reconstructing past events and analysing partnership action. The use of primarily retrospective data was necessary in order to gain access to a range of events, which were critical to the development of the partnerships studied, and could have been influenced by significant learning effects. Yin (1994) pointed out that although interviews were one of the most important sources of case study information, there are risks that they may lead to bias, poor recall and inaccurate articulation. Such issues were largely countered in this study by the reliance on data source triangulation and the systematic use of a software package, which made the analysis transparent and traceable, and therefore enhanced intra-coder reliability.

However, the phenomenon studied, inter-organisational learning, is a process. The study showed that it was closely related to governance structures and social learning within the partnership. Consequently, there may be a need to focus more strongly on the dynamic aspects of these processes and their inter-relationships. Assuming appropriate levels of access, this could be addressed with the use of direct observation of partnership activities whether formal (for example board meetings) or informal (for example lunches). Such observation could provide the means to further evaluate the argument that most of the key decisions, which affect the partnership, are taken in informal arenas. Observation, for example by shadowing key actors in partnerships studied, could shed an interesting light on key decision makers' networks, networking patterns and the relationships that may exist between the latter and emerging governance structures in regions.

There is clearly scope for further in depth studies in the field and given that there are strong outstanding questions on issues of authority and power when formal partnerships and informal networks co-exist, these types of studies could potentially add a wealth of knowledge to the field.

The third issue that affects the potential impact of this study is related to the issue of generalisation. Qualitative researchers have long argued that their work should not be evaluated using the same standards as quantitative research (Gomm et al., 2000). Statistical generalisation, for example, is highly unsuitable when evaluating the contribution of qualitative case studies (Donmoyer, 2000; Yin, 1994; Yin, 2003a). Statistical generalization is based on the assumption that the physical world and the social world are governed by regularities between causes and effects; therefore statistical generalisation will aim "to discover and validate generalizations about these regularities" (Donmoyer, 2000 pp. 47).

Yin contends by contrast that qualitative research, particularly when it takes the form of a case study, aims to achieve 'analytic generalisation', "in which a previously developed theory is used as a template with which to compare the empirical results of the case study" (Yin, 1994 pp. 31).

Research in that sense focuses on conceptual and theoretical development. At the most basic level, it can be argued that qualitative research generates narratives, and analyses that can be used as sense-making devices (Weick, 2001). As such they can provide or generate insights into lived experience, that may not have been available had such narratives and analyses not been shared. Donmoyer (2000) uses schema theory to show how narratives derived from qualitative research can help create vicarious experience; "a virtual reality, that is a reality that exists within our imaginations", one where narratives enable us "to symbolize and hence think and communicate about certain aspects of experience" (2000 pp. 61).

As indicated in the methodology chapter (chapter 3), it is with this spirit that the study was conducted. It aims to be used as a sense-making device, the hope is that some of the concepts and ideas that have been developed are further explored and discussed, their relevance and contribution to the understanding of other contexts evaluated. The two polar cases that form the basis of this dissertation demonstrated that given similar conditions, similar constraints, and apparently similar aims, two partnerships can opt for quite different paths and develop rather different learning cycles. It would not be appropriate to suggest that the tools used, the ideas developed are invariably applicable to every economic development partnerships. Rather the aim is to share these tools and ideas so that their relevance is evaluated in different contexts. They may remain a means of interpreting a partnership's lived experience, and therefore be used purely as sense making devices. The outcomes may also contribute to conceptual and theoretical development, as Yin (1994) suggests.

7. 5 Synthesis

This study was undertaken to find out whether partnership learning did occur and it aimed to unravel some of the underpinning processes. To achieve this, it relied on two specific research questions: 1) Are value and operational crises components of partnership learning? 2) What are the relationships between partnership learning and the negotiation and implementation of partnership objectives?

In order to answer the above, distinctions between single and double loop learning, and between operational and value crises were relied upon. Partnership members' theories of action were investigated and their reliance on theories in use, and espoused theories have been analysed.

The findings suggest that the broad notion of partnership learning can be analysed in terms of social learning, and in terms of process learning. The strong discrepancies that exist between Réseau Nord Pas de Calais Technologie and Présence Rhône-Alpes (originally chosen as polar cases) further indicate that the ability to engage in system and process learning is strongly dependant on the pre-requisite presence of shared social and tacit knowledge (that is social learning). In other words partnering capability is dependent on social norms and tacit knowledge that are evolved amongst key players within and beyond the realm of the partnership.

The concept of social learning is rooted in Albert Bandura's (1977) work on human behavior and psychology of learning. According to Bandura's social learning theory, 'psychological functioning is a continuous reciprocal interaction between personal, behavioural, and environmental determinants' (1977 pp. 194). Human behaviour is the outcome of individual learning which can be either rooted in direct experience (learning by 'response consequences' according to Bandura -more widely known as experiential learning (Kolb, 1976)), or the outcome of observation (learning through modelling, also analysed as vicarious learning - (Gioia & Manz, 1985)). In the case of experiential learning, individuals appraise the differential response their actions trigger and select successful forms of behavior whilst discarding those that were ineffectual or triggered negative responses. However, Bandura argues that 'learning would be exceedingly laborious, not to mention hazardous, if people had to rely solely on the effects of their own actions to inform them what to do' (1977 pp. 22). According to him, 'most human behavior is learned observationally through modelling: from observing others one forms an idea of how new behaviors are performed, and on later occasions this coded information serves as a guide for action' (1977 pp. 22). 'Environmental determinants', that is the social response to an individual's actions (including social control

mechanisms), are key factors shaping future behavior in organisational spheres, as well as private/social spheres.

In the case studies, issues governed by social learning (i.e. elite governance, non hierarchical management and stable institutional framework) have shaped key partnership variables, respectively, partnership decision making processes, partnership and partner identity, partnership reward and reporting systems, and access to partnership services. The analysis of the crises and learning sequences that fed into these variables has shown that the theories of action that were used by both partnerships:

- were historically evolved,
- remained mostly tacit,
- were strongly linked with partners' perceptions of their identity and were regulated by implicit, yet, fundamental rules of interaction and decision-making.

The above is highly consistent with Shrivastava's (1983) analysis of organisational learning systems. Following a study of strategic decision making processes, he identified six archetypical 'organizational learning systems'. Despite clear differences that existed between each of the learning systems, his study's overall conclusions are very similar to those outlined above:

> "They [Learning Systems] are rooted in organizational practices. This means they reflect the actual "theories in use" and not the "espoused theories" or rhetoric in organizational activities. [...] Organizational members know about these systems, even though some of the systems may not have been explicitly verbalised or documented."

One of the archetypical learning systems described by Shrivastava is the 'mythological

learning system'. Such a system is heavily reliant on stories (sometimes myths) about organisational actors and activities. Shrivastava argues that such 'myths lay the groundwork for development of organizational norms of knowledge sharing. The socio-cultural norms of knowledge sharing that evolve through organizational myths radically influence the distribution of and access to the stock of organizational knowledge' (Shrivastava, 1983 pp. 20). According to Simon this form of knowledge sharing is a means of stabilising organisational values and practices, and a process of induction for any newcomer (Simon, 1991 pp. 127):

> "Organisational values and practices can be stabilised by the fact that each new inductee finds himself or herself confronted with a social system that is already well established and prepared to mould newcomers to its procedures"

In Présence Rhône-Alpes such an induction process either failed, or was ignored by the partnership manager. The crisis that culminated in his departure was instrumental in generating new decision making norms and values that subsequently became one of the assets of the partnership. Indeed, Présence Rhône-Alpes has demonstrated a higher propensity to engage in double loop learning than Réseau Nord Pas de Calais Technologie, suggesting a stronger ability to reshape established norms and values and to introduce new ones. Many of the difficulties encountered by Réseau Nord Pas de Calais Technologie are strongly related and historically evolved principles. In Shrivastava's terms, these principles are the outcome of myths that actors nurtured given past partnering experience. They are acting as barriers to the optimal implementation of the RDT initiative in the region. Experience and history can easily be construed as important and positive ingredients of learning. Simon (1991) suggests that they can be stabilising influences. But he highlighted that they can also lead to bounded rationality (Simon, 1991). Walsh and Rivera-Ungson (1991) explore this issue further and argue that experience and history can indeed contribute to 'encased

learning', organisational 'blindness' and 'rigidity'. Reviewing the literature on organisational memory, they conclude that the latter 'is an enemy of organizations; an enemy that can reinforce a single loop learning style that maintains the status quo.' (Walsh & Rivera Ungson, 1991 pp. 71).

The comparative analysis of the two partnerships studied suggests that although both partnerships had strong values and norms, rooted in their respective histories, only Présence Rhône-Alpes was able to resolve the deep rooted causes of crises associated with partnership decision-making. The first partnership manager's departure and the turmoil that resulted slowly brought together key decision makers in technology transfer. This formed the basis for their progressive establishment (and increased recognition by regional economic development stakeholders) as the governing elite in the region. In Rhône-Alpes the presence of such an elite (with clear -albeit tacit- rules for decision making) facilitates significantly partnership 'process learning'. This in turn meant that negotiations over operational objectives, partnership strategy (or meta-strategy) and even regional policy making became opportunities to exert influence and collective power as opposed to instances where some of the collaborating organisations would individually need to relinquish power and authority.

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APPENDIX 1 The French administrative structure

	Public authority	Administration	Remit (Compétences)
	The State – **L'Etat**	The executive power: President of the French republic The government The legislative power: The parliament (National Assembly and Senate)	**Safeguards France's national unity** founded on the country's historical past and diverse territory. It protects the national heritage, the democratic system and its institutions, social gains. It is also responsible for environmental protection and the promotion of French culture and language.
	The Region – **La Région** (26 of which 22 on the mainland – the 4 'outre-mer' territories have département and region status)	Executive body: The president of the 'Conseil Régional' Deliberation and decision-making body: Conseil Régional The regional prefect (préfet régional) is in charge of the interest of the State	**Economic action:** including the negotiation, drafting and implementations of State-Region contracts; public investment coordination and planning; cooperation with public authorities (e.g. communes and départements) with overlapping remits. **Education:** Building and maintemance of Lycées (from the age of 15 to 18, equivalent to United Kingdom colleges); vocational training **Transport:** drafting of the regional transport scheme, canals and river harbours. **Environment:** Nature reserves and regional parks
	County level – **Le Département** (100 of which 96 on the mainland)	Executive body: The president of the 'Conseil Général' Deliberation and decision-making body: Conseil Général The prefect (préfet) is in charge of the interest of the State	**Management of the 'domaine départemental':** this involves the public and administrative buildings under the control of the département, road infrastructure in the département. **Health and social action:** Protection of mothers and children; fight against social perils; health screening, vaccinations etc... All forms of social care for children, the poorest and disable people. **Education:** Building and maintenance of secondary schools (from the age of 11 to 15), school bus service Economic action: subsidy support for economic development; support to businesses in crisis

			Harbours: Creation and management of fishing and commercial harbours. **Culture:** Management and finance libraries, museums, archives, theatres etc…
	The Town – **La commune** (I.E. local authority) (36 550 on the mainland)	Executive body: The mayor Deliberation and decision-making body: Conseil Municipal	Management of local historical assets **Urban Development**: drafting urban development plans, including, housing provision, incorporating employment forecasts, and the provision of facilities -administration, industrial, commercial and leisure facilities. **Education**: In charge of nursery (from the age of 3 to 6) and primary schools (from the ages of 6 to 11). Building maintenance, including maintenance staff salaries. **Culture:** Management and finance local libraries and museums, own their archives. **Hygiene:** Local authorities provide disinfections services and have a hygiene bureau **Harbours:** The commune / local authority can create and manage leisure harbours **Economic and social action**: The local authority can allocate grants to business in crisis to maintain employment.

Adapted and translated from (Lescot & Sinou, 2000)

APPENDIX 2: List of exploratory visits and interviews

1. Mr Vo Van Qui, Ministere de L'Industrie, Monday the 4th of August 1997 at 10.30 a.m.
2. Mlle Arielle Feuillas, Tuesday the 5th of August 1997 at 10.00 a.m.
3. Centre George Pompidou, Wednesday the 6th of August 1997, morning.
4. Librairie de L'OCDE, Wednesday the 6th of August 1997, afternoon.
5. National RDT Conference, Toulouse, 23rd of October 1998
6. Mr Chazerand, ANVAR, RIDT manager, Tuesday the 6th of January 1998 at 10.30 a.m.
7. Mr Coulomb, Minister de L'education and de la recherché, Tuesday the 6th of January 1998 at 15.00 p.m.
8. Mr Letowski, APCE, Wednesday the 7th of January at 10.30 a.m.
9. Mr Patrick Legales, CNRS, Wednesday the 7th of January at 14.30 p.m.
10. Mr Vo Van Qui, Ministere de L'industrie, Thursday the 8th of January at 9.30 a.m.

APPENDIX 3: List of case study interviews:

Réseau Nord Pas de Calais Technologie

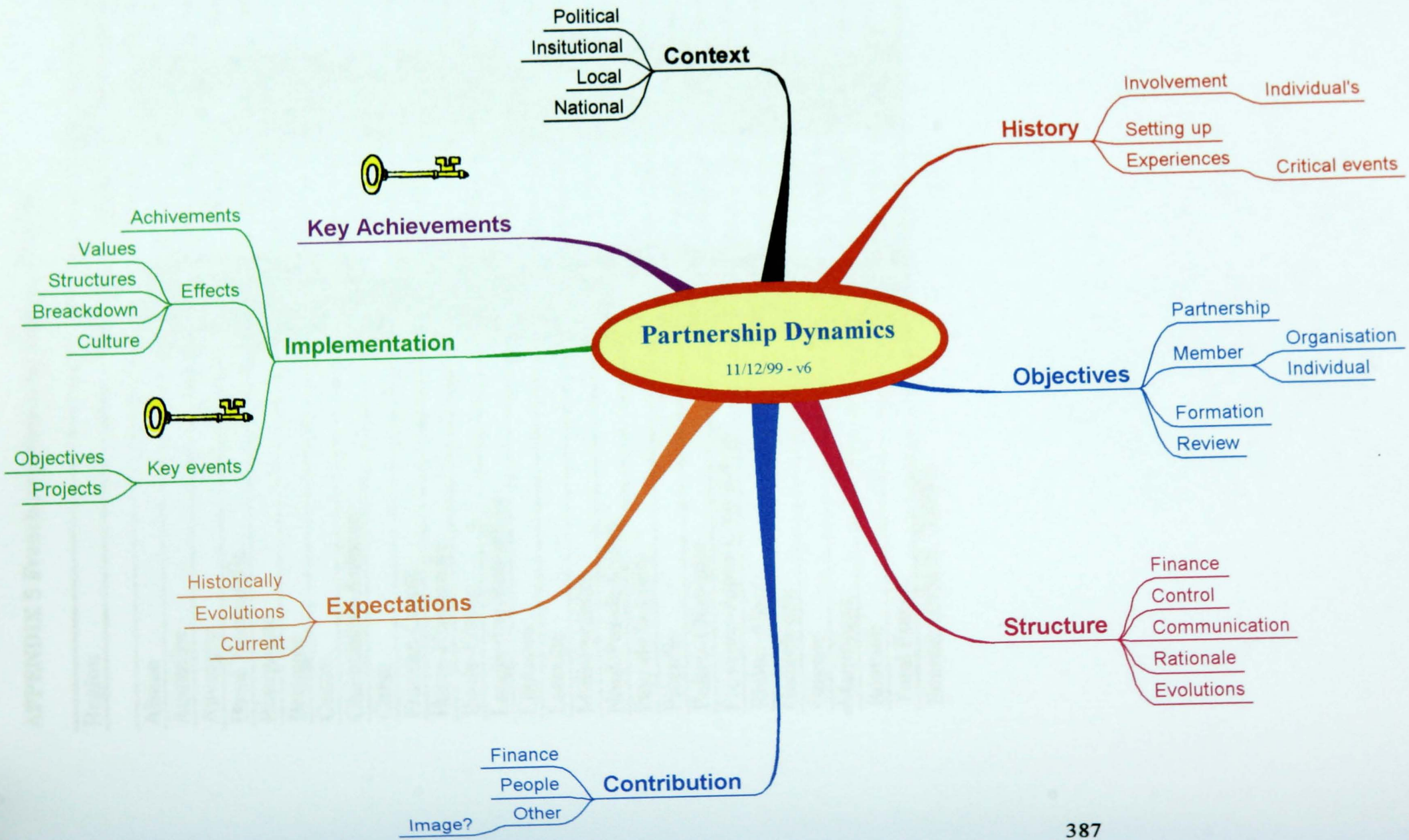
1. Jean Marie Pruvot, partnership manager, 12/10/1998 at 12.00
2. Catherine Larieu, RIDT manager, 15/10/1998 at 10.30 a.m.
3. Daniel Chazerand, past RIDT manager, 22/10/1998 at 9.00 a.m.
4. Didier Cuiset, manager Conseil General du Nord, 26/10/98 at 11.00 a.m.
5. Jean Marie Pruvot, partnership manager, 26/10/98 at 14.00 p.m.
6. Francois Louis Billon, Past Director General of ANVAR, 26/10/98 at 17.00 p.m.
7. Pierre Rousseau, ARIST manager and chamber of commerce representative, 27/10/98 at 10.30 a.m.
8. Jean Bernard Dupark, Manager Agence Regionale de Developpement, 28/10/98 at 10.00 a.m.
9. Thierry Trouvé, Manager DRIRE, 22/10/98, interview manually recorded which took place during the national conference of RDTs, due to the inability of Mr Trouvé to free up time during my visit to the Nord Pas de Calais region.
10. Chantalle Pierrache, Manager Conseil General Nord Pas de Calais, 28/10/98 at 14.30 p.m.
11. Pierre Tesse, past CRGI manager, 28/10/98 at 17.00 p.m.

Présence Rhône-Alpes

1. Patrice Heyde, Managing Director, ARIST Rhône-Alpes, 31/03/99 at 9.00 a.m.
2. Pierre Michel, Chamber of commerce manager, 31/03/99 at 11.00 a.m.
3. Valerie Palumbo Romand, Chamber of Commerce counsellor, 31/03/99 at 12.00
4. Patrick Metral, Deputy chair of the DRRT, 31/03/99 at 14.00 p.m.
5. Gérard Provost, Partnership Manager, 01/04/99 at 9.30 a.m.
6. Jean Marie Revet, Deputy Chair ANVAR, 01/04/99 at 16.30 p.m.

7. Henri Joudiou, SME managing director, partnership director, 02/04/99 at 10.00 a.m.
8. Marc Louichon, SME Managing Director, partnership director, 02/04/99 at 14.30
9. Alain Echenay, SME Managing Director, partnership direcrtor, 06/04/99 at 14.00
10. Gérard Provost, partnership manager, 07/04/99 at 15.00 p.m.
11. Michel Vuillot, Chair DRIRE, 08/04/99 at 9.00 a.m.
12. Laurence Tardy, Manager, Conseil Régional Rhône-Alpes, 08/04/99 at 13.30 p.m.
13. Mme Gabillaud, Managing Director, Design Rhône-Alpes, 08/04/99 at 18.00 p.m.
14. Mme Cruset, Senior researcher University de Lyon II, 09/04/99 at 16.00 p.m.

APPENDIX4: interview Schedule



APPENDIX 5 French population by region, 1990-99

Region	1999	1990
Alsace	1,734,145	1,624,372
Aquitaine	2,908,359	2,795,830
Auvergne	1,308,878	1,321,214
Basse Normandie	1,422,193	1,391,318
Bourgogne	1,610,067	1,609,653
Bretagne	2,906,197	2,795,638
Centre	2,440,329	2,371,036
Champagne-Ardenne	1,342,363	1,347,848
Corse	260,196	250,371
Franche-Comté	1,117,059	1,097,276
Haute-Normandie	1,780,192	1,737,247
Ile-de-France	10,952,011	10,660,554
Languedoc-Roussillon	2,295,648	2,114,985
Limousin	710,939	722,850
Lorraine	2,310,376	2,305,726
Midi-Pyrénées	2,551,687	2,430,663
Nord-Pas-de-Calais	3,996,588	3,965,058
Pays de la Loire	3,222,061	3,059,112
Picardie	1,857,481	1,810,687
Poitou-Charentes	1,640,068	1,595,109
Provence-Alpes-Côte d'Azur	4,506,151	4,257,907
Rhône-Alpes	5,645,407	5,350,701
Guadeloupe	422,496	386,987
Guyane	157,213	114,678
Martinique	381,427	359,572
Réunion	706,300	597,823
Total France	60,185,831	58,074,215

Source: (INSEE, 2000b)

APPENDIX 6 French Gross Domestic Product (GDP) in 2000

	By inhabitants	By job (1)	Total (2)	% of GDP	national Rank
Alsace	23 777	59 352	41,670	2.97%	11
Aquitaine	20 893	53 495	61,264	4.36%	6
Auvergne	19 653	51 596	25,726	1.83%	18
Bourgogne	20 974	53 553	33,823	2.41%	15
Bretagne	19 345	50 144	56,692	4.04%	7
Centre	20 603	53 083	50,546	3.60%	9
Champagne-Ardenne	21 796	55 467	29,249	2.08%	17
Corse	18 550	49 724	4,862	0.35%	20
Franche-Comté	20 261	52 827	22,715	1.62%	19
Île-de-France	35 946	76 025	395,228	28.13%	1
Languedoc-Roussillon	17 827	52 034	41,546	2.96%	12
Limousin	18 859	47 677	13,400	0.95%	
Lorraine	19 177	53 830	44,307	3.15%	10
Midi-Pyrénées	20 197	51 233	52,047	3.71%	8
Nord-Pas-de-Calais	18 982	53 948	75,974	5.41%	4
Basse-Normandie	19 521	48 612	27,886	1.99%	17
Haute-Normandie	22 909	59 850	40,938	2.91%	13
Pays de la Loire	20 437	51 841	66,496	4.73%	5
Picardie	19 031	53 655	35,498	2.53%	14
Poitou-Charentes	18 454	50 190	30,459	2.17%	16
Provence-Alpes-Côte d'Azur	21 020	59 128	95,675	6.81%	3
Rhône-Alpes	24 113	59 234	137,354	9.78%	2
France	23 170	(3)	1,404,775	100.00%	

(1) Paid or unpaid job, in euros; (2) In millions of Euros; (3) Not available

Source: (INSEE, 2000c)

APPENDIX 7: Number of companies across sectors, by size in French regions

Region	Self employed	1 to 9	10 to 499	500 & above	Total reg.
Alsace	25 153	32 271	6 836	71	64 331
Aquitaine	70 077	63 211	9 277	53	142 618
Auvergne	28 297	25 368	4 036	26	57 727
Bourgogne	28 890	29 542	5 376	37	63 845
Bretagne	54 022	52 776	8 745	52	115 595
Centre	39 972	42 220	8 102	65	90 359
Champagne-Ardenne	20 683	21 954	4 430	36	47 103
Corse	9 317	7 865	739	1	17 922
Franche-Comté	18 596	19 726	3 757	16	42 095
Île-de-France	328 673	252 421	47 473	532	629 099
Languedoc-Roussillon	61 542	51 584	6 037	29	119 192
Limousin	14 400	13 286	2 180	13	29 879
Lorraine	31 434	36 214	7 141	69	74 858
Midi-Pyrénées	63 102	54 301	7 997	49	125 449
Nord-Pas-de-Calais	52 338	54 402	11 642	97	118 479
Basse-Normandie	25 691	25 479	4 336	23	55 529
Haute-Normandie	26 825	27 860	5 785	58	60 528
Pays de la Loire	54 371	56 838	10 723	78	122 010
Picardie	26 650	26 817	5 521	47	59 035
Poitou-Charentes	31 723	30 826	4 917	31	67 497
Provence-Alpes-Côte d'Azur	139 758	109 032	14 116	79	262 985
Rhône-Alpes	134 209	122 386	22 353	153	279 101
Guadeloupe	26 371	9 752	1 259	2	37 384
Guyane	4 432	2 146	329	0	6 907
Martinique	15 735	7 890	1 017	2	24 644
Réunion	14 381	10 395	1 372	1	26 149
Total France	1346 642	1186 562	205 496	1 620	2740 320

Source: (INSEE, 2000a)

APPENDIX 8: Level of self-prescription in all RDTs 1996-2000

	1996	1997	1998	1999	2000
Alsace	0	100	89	57	100
Aquitaine	47	64	44	19	19
Auvergne	0	0	0	0	0
Bourgogne	0	66	25	0	0
Bretagne	56	31	24	0	48
Centre	52	57	20	20	29
Champagne-Ardenne	81	51	44	70	55
Corse	70	25	80	60	0
Franche-Comté	100	20	47	13	19
Ile-de-France	0	0	0	0	0
Languedoc-Roussillon	0	8	0	0	0
Limousin	0	0	0	0	0
Lorraine	67	65	52	29	47
Midi-Pyrénées	24	15	21	10	33
Nord-Pas-de-Calais	70	62	68	78	91
Basse-Normandie	77	70	81	81	95
Haute-Normandie	57	64	86	77	93
Pays-de-Loire	10	25	40	40	25
Picardie	70	24	58	86	57
Poitou-Charentes	33	0	42	0	0
PACA	23	20	36	53	11
Rhône-Alpes	93	7	0	0	0